

The Main Objectives Of Mass Media Industry Management In The Current Context Of The Romanian Market

~ Ph. D. Student **Florentina-Mirela S. Marinescu (Dragnea)** (Academy of Economic Studies, Bucharest, Romania)

E-mail: mirela_dragnea@yahoo.com

~ Ph. D. Student **Irina I. Popescu (Dogaru)** (Academy of Economic Studies, Bucharest, Romania)

E-mail: irina.dogaru@dogaru.ro

Abstract: All media companies face the issue of dramatic market changes and consumers' habits. The new technologies, the competition represented by the e-commerce companies and the huge number of non-journalists content producers have major impact on the mass media industry.

Strategies and business models must lead to the best use of resources, keeping the constant market shares, and thus increasing profitability. Flexible strategies, market knowledge, loyal readership, the ability to innovate and adaptability to change are the elements that prepare businesses for an era of personalized information, as mass-media are ones of the few industries whose products are exclusively intangible-conceptual and non-material.

The economic goals that media industry management needs to achieve are as important as the responsibility towards society and customers. The major focus of mass media management is finding the model to ensure the optimal balance between the costs involved by producing quality content, gaining trust and readership loyalty, managing digital and technology successfully as mandatory elements for revenue growth and business stability.

Key words: management objectives, advertising market, readership, audience measurement

JEL Classification: M10, M20, L29

Introduction:

The issue of ensuring business stability is present in all economic areas. The analysis included in this paper aim to reveal the industry constant changes trend and challenges, as mass media are probably one of the most affected businesses, in which the impact of the economic crisis and technological changes are huge.

For instance, in the economic crisis, people gave up buying goods and services that were not absolutely necessary, and newspapers and magazines were in this category. In addition, this decision was easy to make, as Internet and affordable technology allowed access to free information, news and video.

After the end of the economic crisis, the media industry, on certain segments such as the printed publications, did not return to the previous situation, and this analysis of the segment's market shows that the trend is definitive in Romania.

In the media industry, technology and digitalization not only caused the modification of platforms where content is delivered, but also changed the audience's consumption habits.

That is to say, compared to other industries, the content consumer's decision on the delivery platform was just one of the factors which led to changes, another factor being generated by the variety of options and the speed with which consumers can choose between information and entertainment providers (Kandula, 2006).

Another important feature of the media industry is that non-industry players have emerged in direct competition, such as e-commerce companies and non-journalists. The massive fragmentation of the market has led to a rethink of the advertising budgets

allocation and the subscription decision to a certain type of content.

In other industries, the product acquisition process takes place online and the product is identified and delivered physically, thus the buyer's choice is obvious and definitive. In the mass media industry, however, on-line content being predominantly free leads to the possibility of choosing or abandoning any product in favor of another, to the option of being a consumer for multiple categories of content at one time, or setting up a particular category. This consumption habit does not necessarily determine an income for the content provider.

The growth of electronic editions audience involves business strategies and models that generate revenue growth without affecting the content quality. The analysis of the printed publications readership versus electronic publications readership for the same titles shows how the trend have constantly changed in recent years.

Market analysis is mandatory because it shows the extent of the change in attitude to the products offered by the media, being a good indicator of the difficulties faced by management in achieving the objectives of maintaining profitability and thus stability of the business.

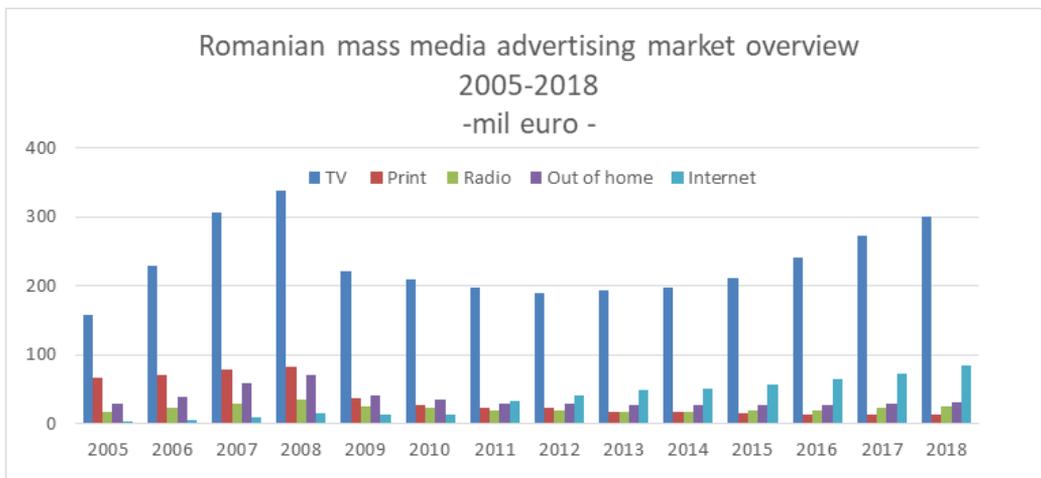
Advertising Romanian market overview

A first objective for media industry management is to identify new business models and strategies to achieve revenue growth as advertising revenue is directly related to the audience, and costs for producing content tend to become not influenced by revenue volumes. The lack or the decrease of

subscriptions for printed publications, and consumer habit in electronic publications ranging from multiple visits from a single consumer to unique visits from multiple consumers have a direct impact on advertising revenue. As such, new business model approaches are required to maintain profitability and efficiency (Carton and Hofer, 2006). In order to achieve such a revenue maximization objective, management must be aware

of consumers' expectations of choice, comfort and value, all delivered in personalized experiences, available on demand on platforms with limited advertising and protected data.

An advertising market overview in Romania for the 2005-2018 period highlights the changes as a result both of the economic crisis and the increase of the Internet penetration rate.



Source: MediaFact book Study – Initiative Media Agency

The advertising budgets allocated to the mass media industry have fallen by 44%, from 540 million EUR in 2008, the year with the highest advertising budgets, to 303 million EUR in 2012, the year with the lowest advertising budgets since the beginning of the economic crisis.

After four years of continuous steady growth the Romanian media market is ready to close the gap with 2008 levels in the next two to three years to come.

In 2018, the market growth was driven by the increase of TV investments. Besides TV, other media channels like online, radio

and outdoor also increased in 2018, while print remained the only medium, with a negative evolution.

At the same time, the increase of internet penetration has led to a change of the proportion of advertising budgets allocated for print and those allocated for internet. Thus, compared to 2008, when advertising revenues in print amounted to 82 million euros and those in internet of 16 million euros, in 2018 advertising revenues in print reached only 13 million euros, while internet reached 85 million euros.

The demand for video content as well as the need to be connected 24/7 are being supported every day by new and more affordable technologies.

The choice of advertising agencies and advertising clients is primarily due to the methods of audience measurement. The ones most affected by this choice were small print brands, newspapers and general magazines which did not address an audience whose profile could be easily identified (by niche of the publication) and did not benefit from a critical mass of rhythmic, permanent readership.

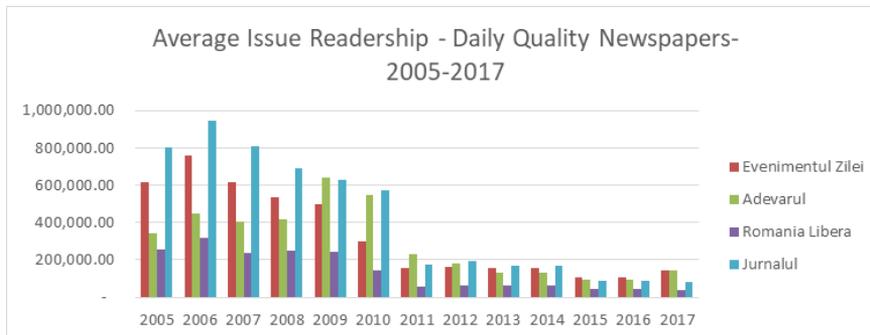
The solution for maintaining the brands on the market was to become multimedia brands, using the same content both in print and in on-line editions (electronic, digital) and to adapt to the requirements of new

technologies simultaneously with resizing the printed publication portfolio.

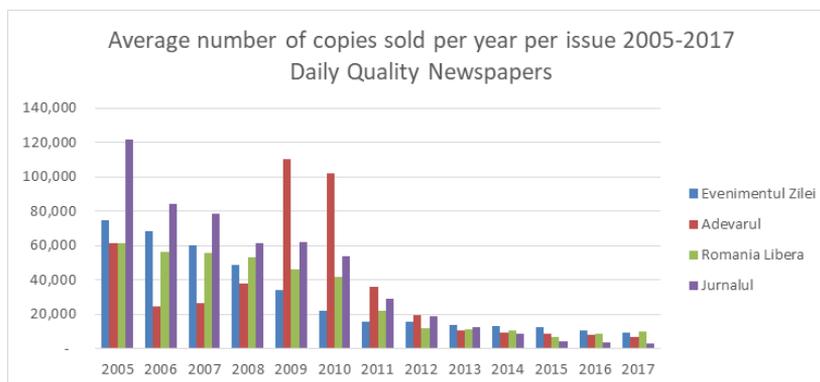
Readership, circulation and internet audience overview

Decreased consumers' purchasing power has caused a dramatic drop in print edition readership, another factor that has had a major impact on advertising budgets allocated to this media segment.

In the daily quality newspaper category, without taking into consideration the newspapers whose print edition was closed during the analyzed period, the readership evolution indicates the dramatic decrease, directly related to the decrease in the number of buyers.



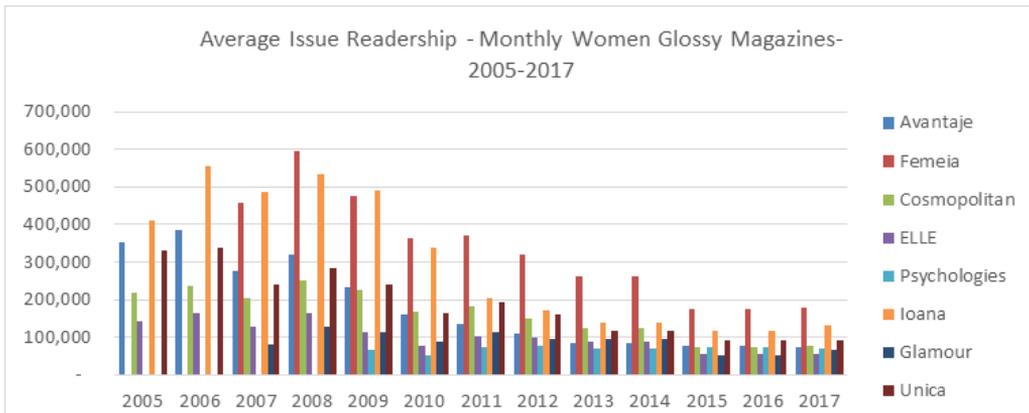
Source: Processed data from National Audience Survey (SNA Focus)



Source: Processed data from Romania Circulation Audit Office (BRAT)

Women’s glossy magazines readership follows the trend of quality daily newspapers,

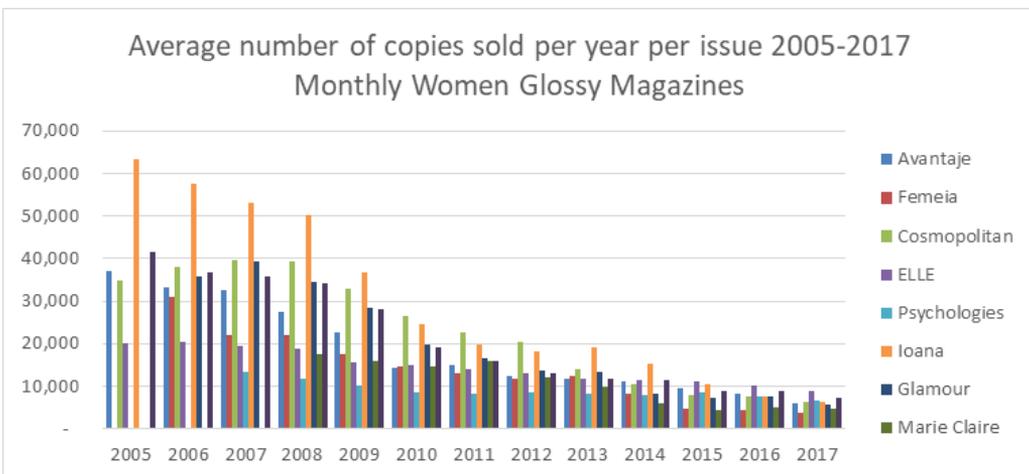
despite the periodicity, quality of support (quality paper), and quality content.



Source: Processed data from National Audience Survey (SNA Focus)

The decrease in the number of buyers has inevitably led to the decrease in

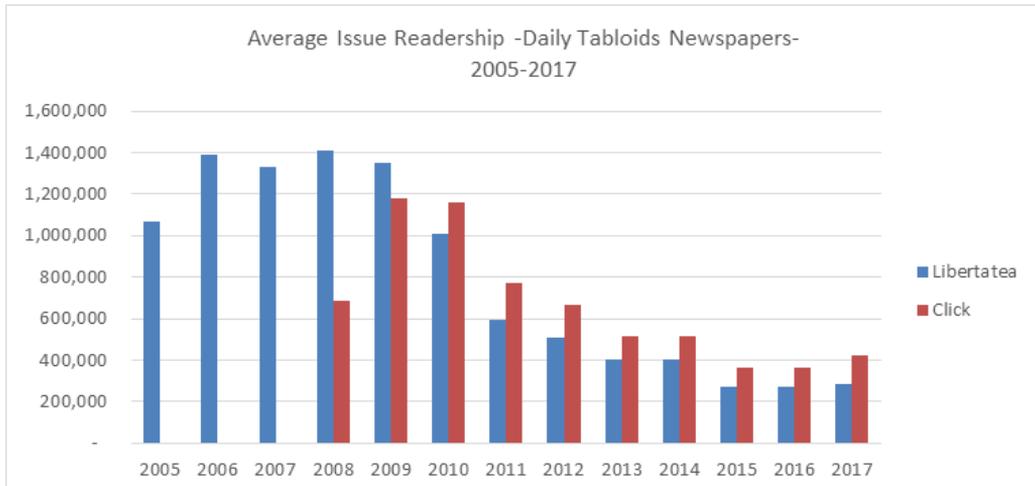
readership, albeit at a lower rate than in the case of quality daily newspapers.



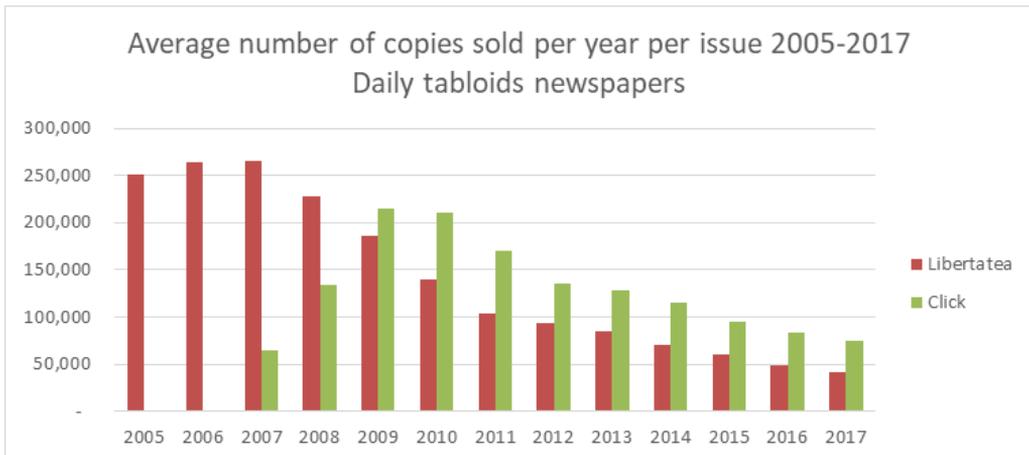
Source: Processed data from Romania Circulation Audit Office (BRAT)

National tabloid newspapers is the last category analyzed from the readership and

circulation perspective, as follows:



Source: Processed data from National Audience Survey (SNA Focus)



Source: Processed data from Romania Circulation Audit Office (BRAT)

Against such a market reaction, adapting to the new sales channels for audience monetization was the solution in order to keep market share and to continue to attract revenue for content driven business as the main objective, due to the possibilities offered by new technologies and audience measurement. Knowledge of consumer data is critical for advertising partners, both in quantitative and qualitative terms, given the fragmentation of video and written platforms

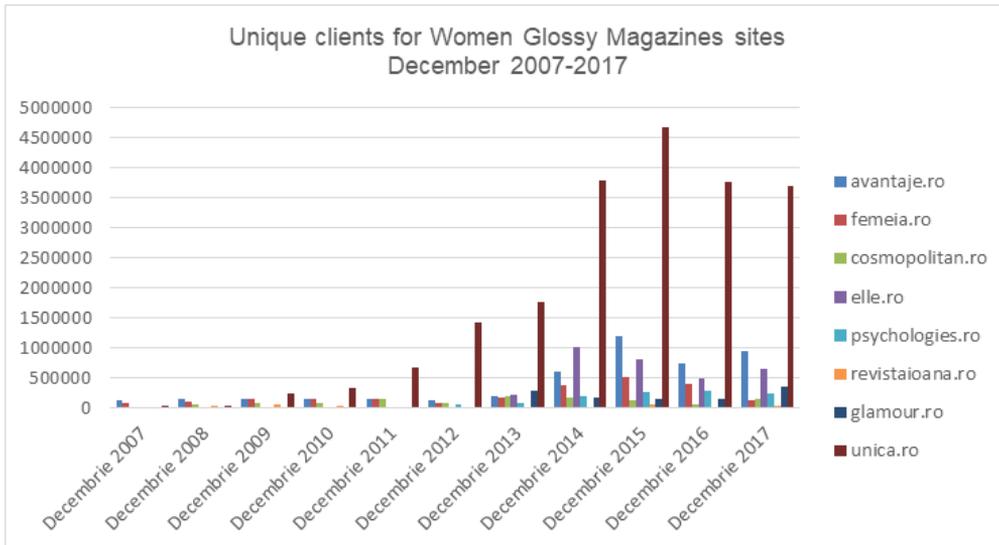
and of the device through which the content is delivered, such as television, computer, phone, tablet. Thus, the ability to quickly measure audiences, sometimes in real time, and the continued development of technology have led to new advertising sales models such as programmatic advertising, the sale of content related to published content (native advertising), 360 degree advertising related to all broadcast media, including social media, and addressable advertising.

The diversity of content and platforms used for content delivery has generated new expectations for consumers about the ease with which they can reach the desired media product. Consumers have switched from the status of passive consumers of a certain content type tied to a specific moment decided by the editors, to the status of active content users of customized content received on any device they are connected to. This change constrains content producers to be permanently adapted to the needs of consumers and to focus not only on the quality of the content but also on the speed and continuity at which they receive it.

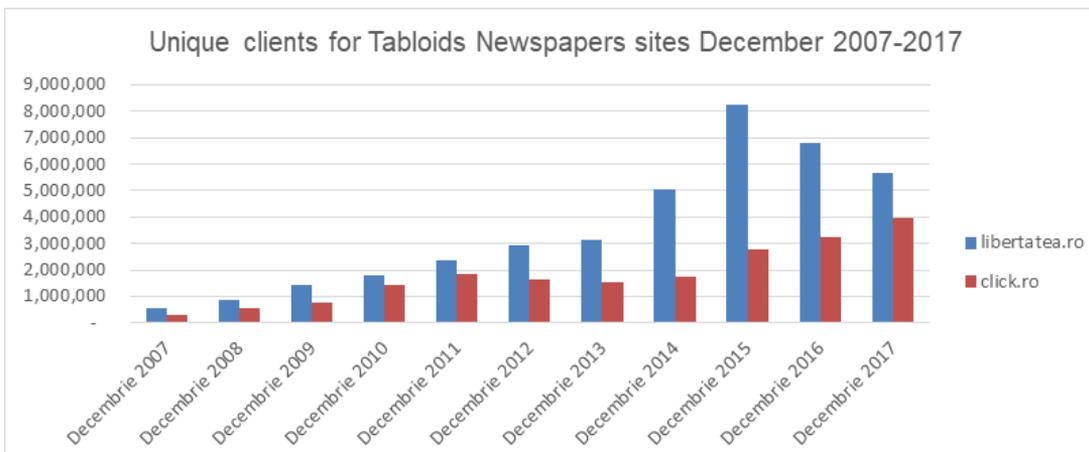
From this perspective, the most relevant information is the audience data related to the electronic editions (sites) corresponding to the printed titles analyzed. Online audience data is available from 2007 onwards. In the analysis below are data corresponding to December each year, starting from the assumption that data are comparable and indicate a trend. Online audience surveys are daily and monthly, fluctuations are due to the promotion of content and the existence or not of some information or news that are exclusively in the site, the retention rate being insignificant.



Source: Processed data from Internet Audience and Traffic Measurement (SATI)



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Source: Processed data from Internet Audience and Traffic Measurement (SATI)

The interdependence between economic objectives and the responsibility towards the audience

Another objective deriving from the need to meet consumers' exigencies is to achieve a level of excellence in content and, implicitly, in human resources. Obviously, content creators are the primary and determinant human resource of media product quality, whether written, TV or radio, but insufficient to guarantee revenue growth or

business success. IT departments, sales, marketing, and finance are the ones that promote and optimize editorial effort and performance. The major challenge is the need for human resource excellence, along with the need to reduce costs and increase profitability, so it is up to management to identify cost-cutting strategies that deliver immediate results and profitability on long term.

Consumer data protection is another goal for media management. Every page

access, content download and visualization means a huge amount of data, which can mean a real competitive advantage, the company's revenue base and strategy, but it can also be a major factor of interest in cyber attacks. Data protection is no longer just an option, it is a legal obligation established by European standards and important not only from the business perspective but also from the consumer perspective.

The media business model for producing premium quality content, as the main revenue generator, is difficult to be build in terms of attracted costs, requires ongoing analysis and changes to ensure balance between profitability, market needs and consumer exigencies. Consumers benefit from remarkable changes in creativity and content availability. Competition for premium content and consumer attention is steadily increasing with social media players and the emergence of e-commerce companies who are heavily investing in content. In this context, for traditional media players, the premium content creation and acquisition process is becoming a growing challenge.

The global growth of social media giants, advertising and e-commerce, with billions of users and huge financial resources, determines the urgent need to strategically respond to a competition where the winner can take all. In this situation, the media industry is unable to grow organically, so mergers and acquisitions can be a quick solution to market share growth, product portfolio growth and market rationalization, strategic imperatives in competition with non-traditional players.

Globalization becomes essential for mass media companies to open up new markets and maintain competitiveness (Newman, 2018). Despite the presence of economic

nationalism and the prospect of difficulties in trade, a number of digital technologies allow the reduction of border relevance, so that the media industry must be open to opportunities for growth of international operations.

New technologies accelerate the way supply and demand intersect in all industries, so that market dynamics, both for consumers and advertisers, becomes extremely flexible. As digital dynamics will increase in all environments, flexibility will continue to grow, with effects on increasingly limited options to captivate customers, even on short term.

Conclusions:

Using the quantitative analysis method of available statistical data on the Romanian advertising and readership markets for mass media printed and electronic editions allowed not only to compare them but also to identify the trends.

Thus, the main challenges faced by the industry and, consequently, the economic management objectives could have been identified. Dynamics shows the need for business model flexibility. Digital transfer of audience requires a multi-level focus, all impacting on the company's figures: revenue growth through intelligent content monetization, technology adaptation costs (content management systems, software for new devices), human resources that support adaptability and ongoing performance.

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