

# Covid-19 and Marketing; the Case of Slovenian Media Ad Spend

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## Abstract

*The epidemic introduced many unknowns into marketing. It was not clear how consumers would react to the sudden crisis, specifically whether brands would increase or decrease the amount of their advertising. Covid-19 influenced some core marketing concepts, among them media ad spend. Covid-19 and the related crisis have changed the nature of advertising towards digitalization, changed communication, and strengthened marketing power. The Slovenian media ad spend, which changed remarkably over two years, was influenced by the uncertain situation concerning advertisers, measures taken by the health authorities and, consequently, the reactions of consumers, citizens, and customers. After the initial decline in 2020, the gross media pie in Slovenia was already larger in 2021 than before the crisis.*

**Keywords:** Covid-19, marketing, advertising, media ad spend, consumer behavior

## 1. Introduction

### 1.1. Covid-19 has triggered rapid changes in marketing

The epidemic, as it did into all elements of society, introduced many unknowns into marketing; it was not clear how consumers would react to the sudden crisis, whether brands would increase or decrease the scope of their advertising, how individual brands' marketing activities would change, or whether consumers would expect advertising to cease due to distress, fear, and uncertainty. At the start of the epidemic, it was not clear how consumers would think, namely whether they would reward courage or perceive ad blocks as advertisers' wasteful practice. When it came to the question of how Covid-19 would affect consumers' attitudes towards advertising, the dilemma was equally challenging for both global and local advertisers. We know from theory that the reduction of advertising is correlated with sales, adversely affecting the strength of an individual brand. There were no clear answers on whether to advertise more or less, nor on how to adjust the content and tone of advertising messages overnight so that customers would accept them as support for brands in crisis, when people mostly stayed at home, and working and studying from there.

Core marketing concepts and beliefs [6], which help the organizations to balance short-term consumer desires with society's long-term prosperity changed after Covid-19. Short-term interests and goals became paramount overnight [1], as concepts such as customers' brand loyalty and long-term brand development strategies changed, and as other market weaknesses came to the fore: a lack of certain products and delays in meeting needs. Customer values, buying behavior, and hidden expectations changed as well. With lockdown, the ways that brands communicated with customers similarly changed overnight, and the digital era of mobile applications, social networks, and e-commerce gained momentum [4]. The established metrics of marketing research also changed.

A survey [3] on a sample of 3,600 decision-makers in 11 countries and 12 sectors showed that B2B companies are adapting to the latest trends and changing their customers' behavior, showing that communication has changed from traditional to digital; where customers use digital self-service tools such as mobile applications, digital is an important means of doing business. As many as 96% of sales teams are fully or partially shifted to remote selling, and 65% of decision makers believe that the remote selling model is even more effective than the traditional way of doing business before a pandemic. Buyers expect at all stages of delivery three important values: speed, transparency, and expertise. It is important to optimize all e-commerce channels, where it is necessary to enable the shortening of the long ordering process, and at the same time enable human touch whenever customers need it. Responsible handling of customer data is crucial, but at the same time we need more and better, more relevant, and accurate data, which are constantly updated [3].

Research [2] has also shown that it is necessary to listen to customers' needs with the use of real-time data to better understand what they need, and with personalized digital communication, where crucial, to adapt the message so to be delivered at the right time. Empathy for the customer has come to the fore in marketing, and budget spends must be optimized all the time.

In Slovenia, as elsewhere in the world, the initial insecurity during the pandemic caused a crisis among the media, advertisers (brand managers), and consumers alike. The current situation has affected the changed nature of media monitoring, as people have been forced to spend more time at home due to various measures. After the initial shock, many advertisers stopped or reduced advertising. After that first shock, the media also adapted; some, such as those who made use of outdoor advertising, stopped running ads entirely in the initial period [8]. Certain parts of the economy ceased operations overnight (tourism, catering, services, etc.) The fundamental dilemma was how to survive, adapt, and move on.

## 2. Problem Statement

After the first disruption wrought by the pandemic, when advertising in Slovenia stopped overnight, some advertisers (such as retailers) even stepped up their scope [8]. We were interested in a comparison between media investments affecting the entire media ad spend in 2020, before the outbreak of Covid-1, and the media ad spend in 2021. The epidemic accelerated the digitization and use of social networks and online media, so we were interested in which media groups within Slovenian media ad spend strengthened in terms of both advertising and media consumption; which industries are the winners and who are the losers? Perhaps the relations between media groups have changed drastically? What was going on with the behavior of consumers, customers, readers, and viewers?

The questions we asked ourselves, or the claims we checked, were the following:

- Covid-19 and the related crisis have changed the nature of advertising towards digitalization, changed communication, and strengthened marketing power.
- After the initial decline in 2020, the gross media pie in Slovenia was already larger in 2021 than before the crisis.
- Media consumption has changed towards a greater role for media, both digital and traditional.

## 2.1. Purpose of the study and conceptual model

The aim of the paper was to show how the unexpected declaration of the epidemic and lockdown affected media performance, changed advertisers' business decisions and customers' behavior, consumers' evaluation of communication efforts, as well as consumer behavior towards media content. We used publicly available data from the media, advertisers, media agencies, and research institutions. We also looked at how advertising and media distribution work in times of crisis and unpredictability.

The purpose of this article is to draw attention to a broader aspect of the use of integrated marketing communication tools, especially advertising, when, due to the unexpected health and consequent economic crisis, all of society's subsystems changed. Due to accelerated digitalization and consumer's very rapid migration to social and online media, companies were forced to adopt more active strategies for branding overnight in both traditional and, above all, digital media. Media advertising ad spend tells us about trends in media consumption and marketing investments, and at the micro level it is necessary to monitor what is happening with each brand, individual media, and specific advertisers. The monitored variable is the Slovenian media pie, which has changed over two years, influenced by the uncertain situation of advertisers, measures taken by the health authorities and, consequently, the reactions of consumers, citizens, and customers. These are the more indirect connections between them.

## 2.2. Research Methods

For the purposes of this article, we analyzed existing publicly available data and data on the movement of gross advertising investments, used in a study called IBO by the research agency Mediana Slovenia. We used the Mediana IBO research and tool to record and review brand investments in advertising. The data enabled the evaluation and successful implementation of media plans and a comparison between investment in a given campaign and that campaign's performance [8].

The method we used to construct the article was a qualitative analysis of sources, summarizing the existing relevant literature of that period and performing a comparative analysis for 2020 and 2021.

## 3. Findings

We would combine the findings into two parts: first, we summarize the changes concerning the gross media pie and consequently the changes in consumer behavior, which also include media consumption.

### 3.1. Comparison in gross advertising investment at the beginning of the epidemic with last year

Data from Mediana, the Institute for Market and Media Research, for 2021 again show the growth of the gross advertising pie in Slovenia. Let's say that the Mediana IBO survey measures the gross value of advertising in the past, i.e. the value of recorded ads at prices from official media price lists, where the measurement does not take into account agreed upon discounts between the media and the client (media buying agencies, communication or media agencies, advertisers), including special terms and conditions of sale, such as annual agreements on the audience reached with the advertisement, possible free ads, and the like [8]. However, it is a measurement that, despite gross

figures, is expressed in money and allows you to monitor diachronically what is happening between media groups and advertisers, as well as within media groups themselves.

In 2021, according to Mediana, the measured volume of gross advertising compared to the previous year amounted to 1.2 billion euros, [8] which is a quarter more than the year before, although it should be immediately added that real data in terms of paid advertising space is much lower. By understanding the market and the concepts of planning and media buying behind the figures, it is possible to get very good estimates of the size of the net media ad spend market if we use data from publicly available sources, such as reports from the Court of Auditors, interviews with trusted figures in the media, data on subscriptions and advertising in the media, net data on the advertising run by the largest agencies, and the net advertising investments of some advertisers. The prices of television packages, which cover about 80% of the media ad spend pie, are mostly determined by viewership, i.e. according to the CPP (cost per point) principle. Business agreements on this are a carefully guarded secret of the Slovenian media and all other participants. Nevertheless, we can assume that the growth of net advertising investments in 2021 compared to 2020 were lower than the gross growth in this period [8]. Mediana has been measuring gross media ad spend pie since 1994, and except in the crisis of 2012, when there was a 3% drop, we have been recording growth all these years.

In 2020, which was marked by the pandemic and anti-pandemic measures, the gross measured volume of advertising in Slovenia amounted to 980 million euros, which is 11% less than the year before [8]. At the end of 2020, Mediana recorded a 12% drop in the gross value of outdoor advertising, which was among the most affected sectors during the country's first closure. The strongest group of media are TV stations, with 82% in the media ad spend pie, half of which goes to Pro Plus. However, the television channels ended 2020 with a tenth lower revenue. All television programs in 2020 recorded a lower gross value of advertising compared to the previous year, with the exception of the global specialized program (film, sports, documentaries), which includes channels that offer the option of running more ads at lower prices.

The press also saw a similar drop in advertising in 2020, i.e. 10%, as did television. In recent years, leading print media outlets (Media24, Delo, Dnevnik, Finance, Adria Media, etc.) have resolved their balance sheets by organizing business conferences and educational events that have either been canceled or moved to the virtual world. In online advertising, there is no exact measure of how much money is spent on advertising on global platforms (FB, YouTube, Google, etc.), as Mediana only measures Slovenian online media, but here, too, gross advertising decreased by 4%. A similar decrease was recorded on the largest measured radio stations (5% drop).

Just as the pandemic stopped the world in March 2020, advertisers were paralyzed after the first closure. In April 2020, compared to April 2019, advertising in the Slovenian media decreased by 50% [8], although we stayed at home after the first shock, reading, watching TV, listening, clicking, etc. In May 2020 alone, we recorded a 35% drop in advertising, but then advertising has returned to the old waters. As early as June, advertisers adapted to changed, new customer habits. The autumn wave, when we closed the country for the second time, no longer brought about such a shocking budget cut, although a drop in advertising was perceived. As expected, the biggest advertisers are retailers who have been operating smoothly all along, albeit under tighter security conditions. However, the messages of traders (Spar, Mercator, Lidl, Hofer, Tuš, etc.) have noticeably changed, all of whom emphasized care for loved ones, social agreement, local food production, kindness, local ingredients [8].

However, in 2021, advertising returned to its old level, of which gross TV advertising exceeded one billion, which is 27% more than in 2020 [8]. Television ratings were raised mainly by sporting events (cycling, the Tokyo Summer Olympics, in short, the sporting successes of Slovenian athletes) and entertainment and reality shows on commercial television. Good viewing, however, also usually means new advertisers and increased advertising revenue.

Print media recorded a smaller drop in gross advertising revenue in 2020 compared to the year before, even though people read more. However, print media at least temporarily stopped that decline in advertising revenue, and emerged as some type of epidemic winners. The highest growth in gross advertising revenue in 2021 can be found in online media, which recorded as much as 30% revenue growth, which is understandable considering online shopping, working from home, searching for fresh news, distance learning, and the general accelerated digitalization of life. Radio stations, especially local ones, which informed the population about local events, also recorded a 12% increase in advertising revenue in 2021 compared to the previous year. While outdoor advertising was the most affected by the corona crisis at the time of the country's first closure, in 2021, despite limited outdoor socializing, gross revenue grew by 11%. The growth of the pie was largely due to retailers, who emphasized similar crown values as the year before, and the second strongest advertising industry was telecommunications.

### 3.2. Changed media consumption and consumer behavior

The proclamation of a pandemic and lockdown in Slovenia had a positive effect on television viewing, as, due to the closure of social life in the first wave (12 March to 31 May 2020), Mediana measured a 28% increase in television viewing in general compared to the average of the previous three years, culminating in the last week of March 2020, when viewership increased by 55% [10]. People were hungry for information, as shown by news coverage in the first wave of the epidemic, which increased by 41% compared to the average of the previous three years [10]. Key media trends, however, are undoubtedly turning to the digitalization and personalization of advertising, even though the epidemic at least temporarily increased the consumption of content on traditional media, especially television and the press.

The measured increase in consumer confidence in digital channels also meant greater use of digital channels and platforms, where new groups of consumers were observed that were not here before [9]. In their communication, Slovenian merchants all emphasized the priority of local resources (local food, local sources of supply, proximity to supply chains) [8]. Greater online activity has also brought to the fore the issue of the security of online shopping and online communication, as well as customers' greater need for authenticity in communication [9]. This is especially true for influencers who have not had reach or clear, honest communication with added value for followers. Content marketing can only ensure customer loyalty through authentic stories [9].

Lockdown has also brought a boom to online stores, where the shopping experience is different than in a physical store. The first weeks of the epidemic exposed all the shortcomings of the existing online stores at the largest retailers (unavailability of online stores, queues, problems related to delivery services). The share of online shopping will continue to be higher than it was before the crisis [9], which is also a trend in online stores worldwide.

Some research [7] has shown that people adapted to new conditions (work from home, state closure) in a month, that researchers perceived new values such as caring for the family in addition to the

monotony of everyday life, loneliness, anger, connection with friends, new everyday creativity (baking bread, sewing), and new discovery of nature. Freedom was no longer self-evident, and the desire for social contact with loved ones greatly increased. What are consumer expectations regarding brand communication? The study found that the positive attitude towards advertising has increased, that people expect to stand by them in a brand crisis, that they associate it with a sense of normalcy, and that they are caring and supportive. Consumers expect brands to be socially responsible, positive, and reliable in communication [7]. They particularly highlight retailers who show concern for their employees and customers, provide adequate food supplies, are positive and optimistic in advertising, adhere to strict health rules, support local food producers, and donate food. For most of the population, shopping was the only activity allowed outside their homes. Purchases thus changed to less frequent ones, but higher in quantity and value when it comes to food, while during the epidemic all non-essential purchases also decreased [7]. As a result, we also noticed a decrease in advertising activity in the advertising pie in the category of motorists, cosmetics, and similar durable goods [8].

#### 4. Conclusions

The global pandemic has drastically changed the advertising strategies of both local and global brands, and the media has gained even more strength. Brands compete for the attention of the average customer. Data on media spending at the start of the pandemic showed people's hunger for news. The media are more important than ever, especially the power of online media and social networks. The media significantly shape people's values and set the social framework, but at the same time they are profit-oriented companies that make a living from advertising. Information is more of a strategic weapon than ever, and brands are facing the strategic challenge of how to address their consumers credibly in a time of complexity and uncertainty. Covid-19 has undoubtedly accelerated digitalization, changing the way it addresses customers and, consequently, brands' marketing strategies.

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