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Business Intelligence
for Southeast Europe



Industry Report

Advertising and market research
2016
ROMANIA

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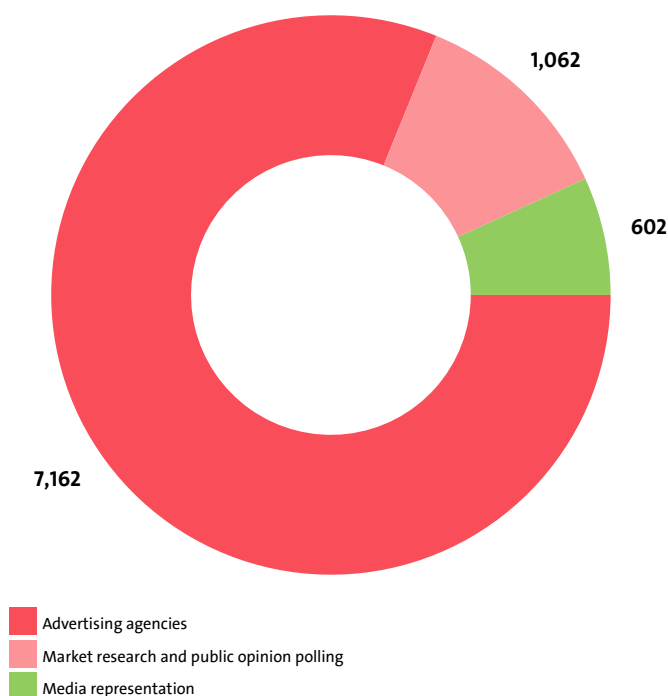
I. KEY INDICATORS

- The Advertising and market research industry in Romania was represented by 8,826 companies at the end of 2016, compared to 8,218 in the previous year and 7,626 in 2014.
- The industry's net profit amounted to RON 752,169,151 in 2016.
- The industry's total revenue was RON 7,757,616,821 in 2016, up by 14.03% compared to the previous year.
- The combined costs of the companies in the Advertising and market research industry reached RON 6,868,110,859 in 2016, up by 12.58% year-on-year.
- The industry's total revenue makes up 0.83% to the country's Gross domestic product (GDP) in 2016, compared to 0.79% for 2015 and 0.72% in 2014.
- A total of 25,492 people were employed in the Advertising and market research industry in 2016, compared to 25,159 in 2015 and 24,419 in 2014.
- Most of the companies in the industry are based in Bucharest, followed by Ilfov and Cluj.

II. INTRODUCTION

In 2016 the companies in the Advertising and market research industry numbered 8,826, distributed in 3 sectors.

INDUSTRY STRUCTURE BY SECTORS AND NUMBER OF COMPANIES



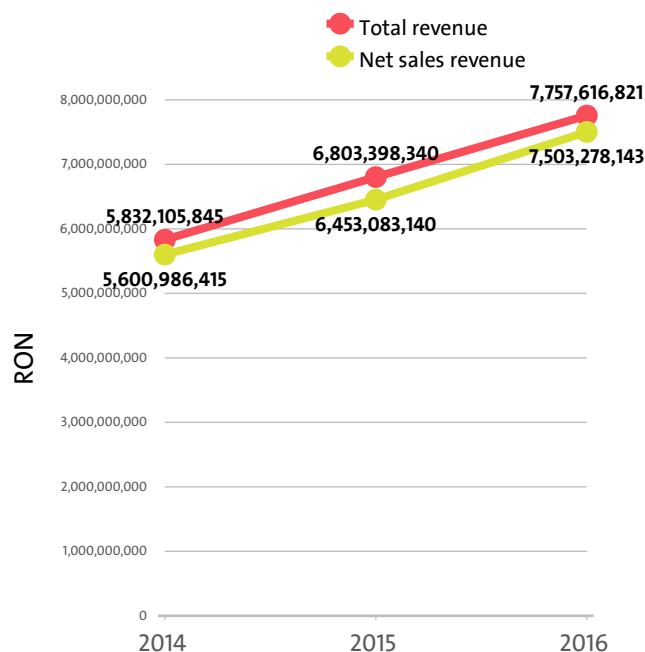
In 2015 there were a total of 8,218 companies operating in the industry. In 2014 their number totalled 7,626.

NUMBER OF COMPANIES IN ADVERTISING AND MARKET RESEARCH INDUSTRY BY SECTORS

SECTOR	2016	2015	2014
ADVERTISING AGENCIES	7,162	6,624	6,168
MARKET RESEARCH AND PUBLIC OPINION POLLING	1,062	999	914
MEDIA REPRESENTATION	602	595	544

III. REVENUES

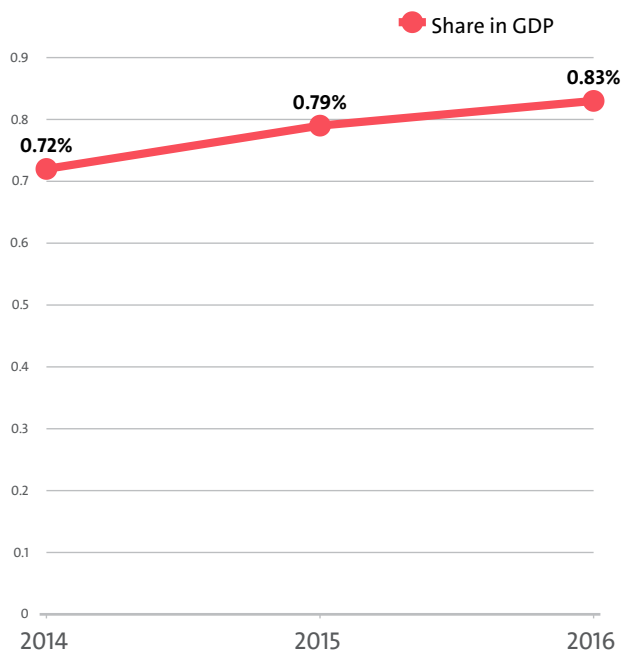
The total revenue in the industry was RON 7,757,616,821 in 2016, RON 6,803,398,340 in 2015 and 5,832,105,845 in 2014.



The companies in the Advertising and market research market of Romania earned combined net sales revenues of RON 7,503,278,143 in 2016.

In annual terms, sales marked an increase of 16.27% compared to 2015. In comparison to 2014 they rose by 33.96%. In 2015 sales rose by 15.21% year-on-year.

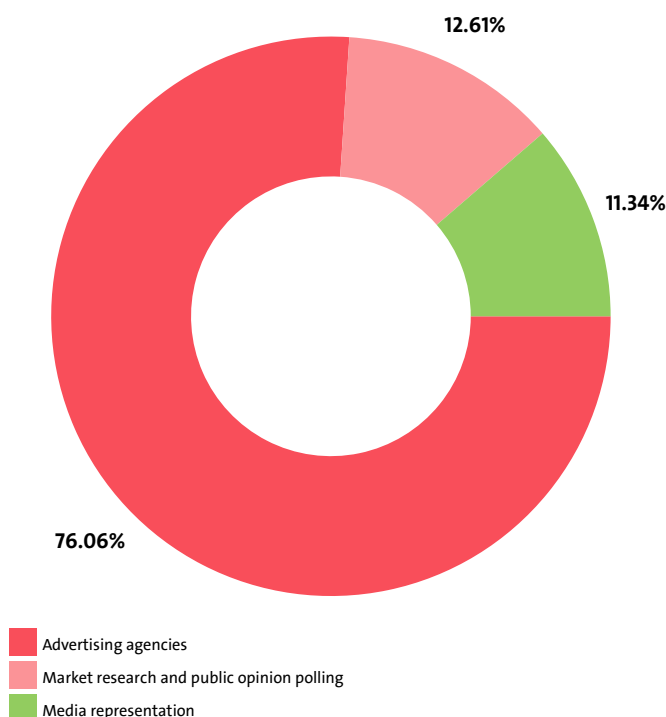
The Advertising and market research industry total revenue make up 0.83% to the country's GDP in 2016, compared to 0.79% for 2015 and 0.72% in 2014.



We expect, based on the trend in the last three years, the total revenue of the Advertising and market research industry to change at a compound annual growth rate (CAGR) of 15.33% in 2017.

Advertising agencies contributed net sales revenue of RON 5,706,701,834 or 76.06% of the total net sales in the industry, sector Market research and public opinion polling - RON 945,907,426 (12.61%), and sector Media representation - RON 850,668,883 (11.34%).

INDUSTRY'S NET SALES REVENUE STRUCTURE BY SECTORS



The highest growth, of 44.01%, was recorded by Media representation. There was no industry's sector to report a drop in net sales revenues.

TOP COMPANIES' REVENUE BY SECTORS

SEGMENT	COMPANY	TOTAL REVENUE (RON)	NET SALES REVENUE (RON)
MARKET RESEARCH AND PUBLIC OPINION POLLING			
	IPSOS INTERACTIVE SERVICES SRL	293,531,475	242,248,127
	COCA-COLA ROMANIA SRL	89,644,087	85,980,611
	GFK ROMANIA-INSTITUT DE CERCETARE DE PIATA SRL	80,515,914	76,511,035
ADVERTISING AGENCIES			
	NOVARTIS PHARMA SERVICES ROMANIA SRL	472,274,369	471,993,495
	ZENITH MEDIA COMMUNICATIONS SRL	205,845,088	197,091,068
	B.V. MCCANN-ERICKSON SRL	171,790,805	169,975,918
MEDIA REPRESENTATION			
	MEDIA INVESTMENT COMMUNICATION SRL	193,942,854	193,615,782
	OPTIMUM MEDIA DIRECTION PLAN & BUY SRL	139,064,675	138,598,122
	THEMATIC CHANNELS SRL	58,235,076	58,229,653

The top 10 companies in terms of total revenue in Advertising and market research accounted for 25.70% of the industry's total in 2016, 22.68% in 2015 and 20.85% in 2014.

TOP 10 COMPANIES BY TOTAL AND NET SALES REVENUE IN THE INDUSTRY

RANK	COMPANY	TOTAL REVENUE (RON)	NET SALE REVENUE (RON)
1	NOVARTIS PHARMA SERVICES ROMANIA SRL	472,274,369	471,993,495
2	IPSOS INTERACTIVE SERVICES SRL	293,531,475	242,248,127
3	ZENITH MEDIA COMMUNICATIONS SRL	205,845,088	197,091,068
4	MEDIA INVESTMENT COMMUNICATION SRL	193,942,854	193,615,782
5	B.V. MCCANN-ERICKSON SRL	171,790,805	169,975,918
6	INITIATIVE MEDIA SA	146,365,524	145,404,546
7	MEDIACOM ROMANIA SRL	142,781,610	138,726,058
8	OPTIMUM MEDIA DIRECTION PLAN & BUY SRL	139,064,675	138,598,122
9	MEDIAEDGE CIA ROMANIA SRL	117,886,126	113,986,664
10	LION COMMUNICATION SERVICES S.A.	110,156,652	108,950,494

The total revenues of the top 10 companies in the Advertising and market research were 0.21% of GDP in 2016, compared to 0.18% for 2015 and 0.15% in 2014.

The top 10 by assets in the Advertising and market research market made up RON 1,717,779,459, or 22.89% of the total net sales revenue.

TOP 10 BY TOTAL ASSETS IN THE INDUSTRY

RANK	COMPANY	RON
1	NOVARTIS PHARMA SERVICES ROMANIA SRL	384,953,084
2	COCA-COLA ROMANIA SRL	250,641,792
3	IPSOS INTERACTIVE SERVICES SRL	147,196,555
4	MEDIA INVESTMENT COMMUNICATION SRL	109,146,192
5	ZENITH MEDIA COMMUNICATIONS SRL	83,137,534
6	B.V. MCCANN-ERICKSON SRL	70,527,293
7	OPTIMUM MEDIA DIRECTION PLAN & BUY SRL	65,497,903
8	MEDIACOM ROMANIA SRL	65,138,464
9	AFFICHAGE ROMANIA SRL	61,606,658
10	MERCK SHARP & DOHME ROMANIA SRL	55,067,859

TOP 10 COMPANIES BY TOTAL REVENUE IN THE FIELD MARKET RESEARCH AND PUBLIC OPINION POLLING WERE:

COMPANY	RON
IPSOS INTERACTIVE SERVICES SRL	293,531,475
COCA-COLA ROMANIA SRL	89,644,087
GFK ROMANIA-INSTITUT DE CERCETARE DE PIATA SRL	80,515,914
MERCK SHARP & DOHME ROMANIA SRL	65,663,184
VALEANT PHARMA SRL	32,390,136
ACNIELSEN ROMANIA SRL	32,215,757
DR. REDDY'S LABORATORIES ROMANIA SRL	25,668,455
ASTELLAS PHARMA SRL	21,134,758
KANTAR MILLWARD BROWN SRL	20,166,542
UCB PHARMA ROMANIA SRL	13,940,576

The 10 largest companies in terms of total revenue in sector Advertising and market research earned total revenue of RON 674,870,884 and accounted for 8.70% of the industry's total revenue.

TOP 10 COMPANIES BY TOTAL REVENUE IN THE MARKET ADVERTISING AGENCIES WERE:

COMPANY	RON
NOVARTIS PHARMA SERVICES ROMANIA SRL	472,274,369
ZENITH MEDIA COMMUNICATIONS SRL	205,845,088
B.V. MCCANN-ERICKSON SRL	171,790,805
INITIATIVE MEDIA SA	146,365,524
MEDIACOM ROMANIA SRL	142,781,610
MEDIAEDGEIA ROMANIA SRL	117,886,126
LION COMMUNICATION SERVICES S.A.	110,156,652
SERVIER PHARMA SRL	101,934,686
MINDSHARE MEDIA SRL	76,429,299
SANDOZ PHARMA SERVICES SRL	68,614,392

The 10 largest companies in terms of total revenue in sector Advertising and market research earned total revenue of RON 1,614,078,551 and accounted for 20.81% of the industry's total revenue.

TOP 10 COMPANIES BY TOTAL REVENUE IN THE MARKET MEDIA REPRESENTATION WERE:

COMPANY	RON
MEDIA INVESTMENT COMMUNICATION SRL	193,942,854
OPTIMUM MEDIA DIRECTION PLAN & BUY SRL	139,064,675
THEMATIC CHANNELS SRL	58,235,076
BRISTOL-MYERS SQUIBB MARKETING SERVICES SRL	57,142,562
UNITED MEDIA SERVICES SRL	52,975,963
EUROMEDIA GROUP S.A.	45,364,653
REGIE RADIO MUSIC (RRM) SRL	29,173,173
DIRECT RESPONSE SRL	18,439,505
ALEEA MEDIA SRL	15,184,260
CHARGEADS SRL	14,083,130

The 10 largest companies in terms of total revenue in sector Advertising and market research earned total revenue of RON 623,605,851 and accounted for 8.04% of the industry's total revenue.

IV. EXPENSES

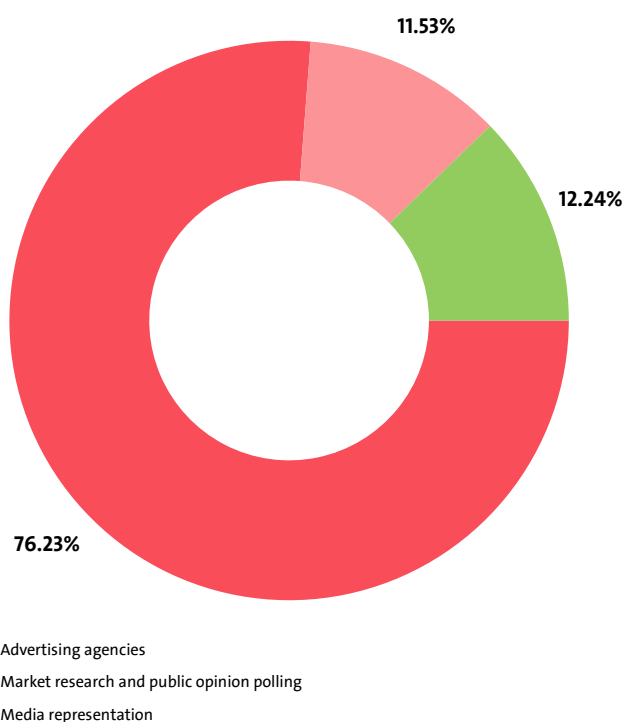
The combined costs of the companies in the Advertising and market research industry reached RON 6,868,110,859 in 2016.

In annual terms, total expenses grew by 12.58% compared to 2015 and grew by 28.49% in comparison to 2014.

We expect, based on the trend in the last three years, the total costs of the Advertising and market research industry to change at a compound annual growth rate (CAGR) of 13.35% in 2017.

Advertising agencies reported the highest total costs, of RON 5,235,759,796, followed by Market research and public opinion polling with RON 840,362,129 and Media representation with total costs of RON 791,988,934.

INDUSTRY'S TOTAL COSTS STRUCTURE BY SECTORS



Media representation marked the highest annual rise in total expenses, of 39.53%.

The biggest spenders in the industry, with costs of over 10% of industry's costs, numbered 20, including B.V. MCCANN-ERICKSON SRL, OPTIMUM MEDIA DIRECTION PLAN & BUY SRL, SERVIER PHARMA SRL, SANDOZ PHARMA SERVICES SRL, LION COMMUNICATION SERVICES S.A.. The medium spenders, or those in the 5% and 10% range count 26 and include GRAFFITI/B B D O SA, DONA MARKETING GRUP SRL, EUROMEDIA GROUP S.A., ALTAVIA ROMANIA COMMUNICATION SRL, HOGARTH WORLDWIDE SRL. Below 5% threshold are 8,780 companies, including AMA CONTEXT SRL, TYPO DAS INVEST SRL, ABOVE MEDIA CONSULTING SRL, CAMA EXPERT CONSULTING SRL, MEDIA SET SRL.

Employment expenses in the Advertising and market research industry rose by 13.06% on the year to RON 1,053,083,175 in 2016.

The highest growth in labour costs, of 23.36%, was registered by Market research and public opinion polling, while Media representation marked the sharpest fall, of 23.87%.

The monthly costs per employee in the Advertising and market research industry averaged RON 3,443 in 2016, RON

3,085 in 2015 and RON 2,722 in 2014.

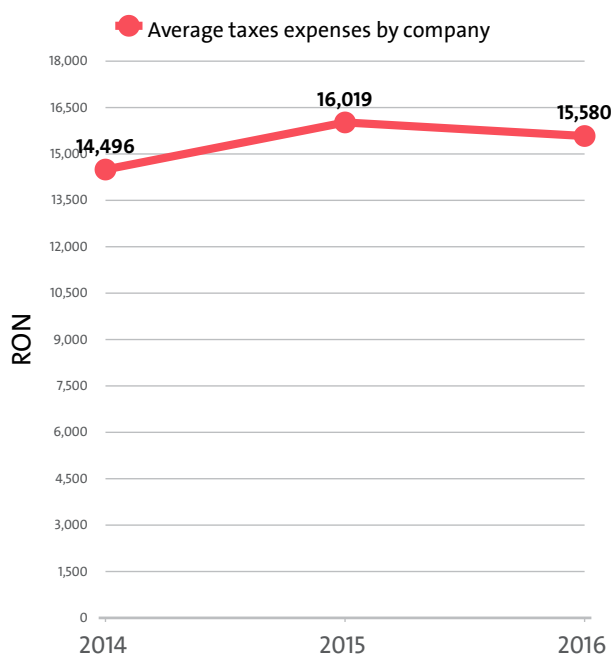
EMPLOYMENT EXPENSES IN ADVERTISING AND MARKET RESEARCH BY SECTORS IN 2016

RANK	SECTOR	EMPLOYMENT EXPENSES (RON)	AVERAGE EXPENSES PER EMPLOYEE (RON)
1	ADVERTISING AGENCIES	709,433,816	36,083
2	MARKET RESEARCH AND PUBLIC OPINION POLLING	280,155,280	60,404
3	MEDIA REPRESENTATION	63,494,079	53,222

THE TOP 10 COMPANIES BY AVERAGE MONTHLY COSTS PER EMPLOYEE IN THE INDUSTRY

RANK	COMPANY	RON
1	RANDDER GRUP SRL	42,970
2	DEXIA KOMMUNALKREDIT ROMANIA SRL	41,780
3	DEFI ROMANIA SRL	33,720
4	CONSORT DISPLAY SERVICES SRL	26,862
5	COCA-COLA ROMANIA SRL	25,525
6	BROWN-FORMAN RO SRL	24,893
7	IMERY'S TABLEWARE BALKANS SRL	23,950
8	KERRY ROMANIA SRL	22,962
9	ASTELLAS PHARMA SRL	22,705
10	FEGIME RO SRL	20,279

The industry's tax expenses stood at RON 137,509,351 in 2016. In 2015 it paid taxes of RON 131,648,989. In 2014 the industry paid RON 110,547,702 in taxes.



EXPENSES ON TAXES BY SECTORS

RANK	SECTOR	RON	Y/Y CHANGE
1	ADVERTISING AGENCIES	92,258,298	4.04%
2	MARKET RESEARCH AND PUBLIC OPINION POLLING	34,021,901	8.45%
3	MEDIA REPRESENTATION	11,229,152	-3.21%

The industry's net profit amounted to RON 752,169,151 in 2016, compared to a net profit of RON 569,060,825 in 2015 and a net profit of RON 376,436,880 in 2014.

TOP 10 COMPANIES BY HIGHEST NET PROFIT IN ADVERTISING AND MARKET RESEARCH

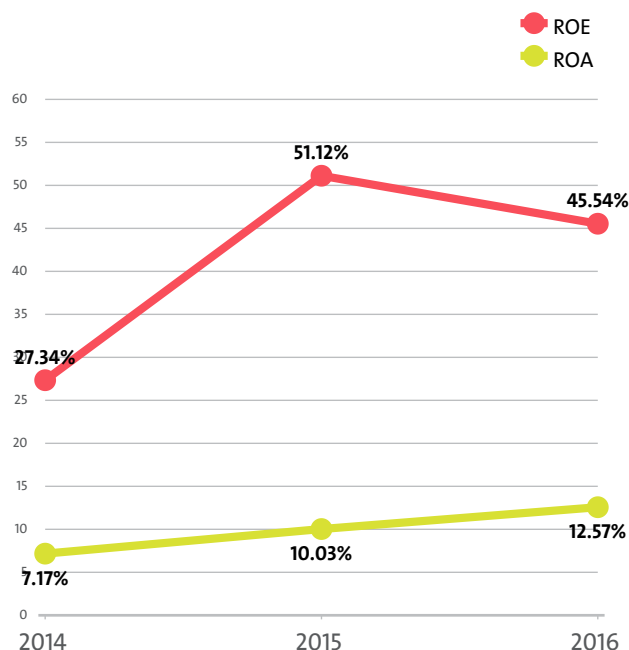
RANK	COMPANY	RON
1	IPSOS INTERACTIVE SERVICES SRL	55,999,072
2	COCA-COLA ROMANIA SRL	41,535,464
3	NOVARTIS PHARMA SERVICES ROMANIA SRL	16,054,475
4	GROUPM MEDIA OPERATIONS SRL	13,540,645
5	SANDOZ PHARMA SERVICES SRL	8,651,710
6	DIRECT RESPONSE SRL	7,375,333
7	CATENA MANAGEMENT SRL	7,327,647
8	ASTELLAS PHARMA SRL	6,744,914
9	HOGARTH WORLDWIDE SRL	6,625,593
10	EUROMEDIA GROUP S.A.	6,535,708

TOP COMPANIES BY HIGHEST NET LOSS IN ADVERTISING AND MARKET RESEARCH

RANK	COMPANY	RON
1	FEDERAL MEDIA PARTNER SRL	14,561,471
2	AFFICHAGE ROMANIA SRL	3,404,181
3	GRAFFITI/B B D O SA	3,171,804
4	FLER MEDIA SRL	2,305,030
5	YOUNGOV SRL	2,162,261

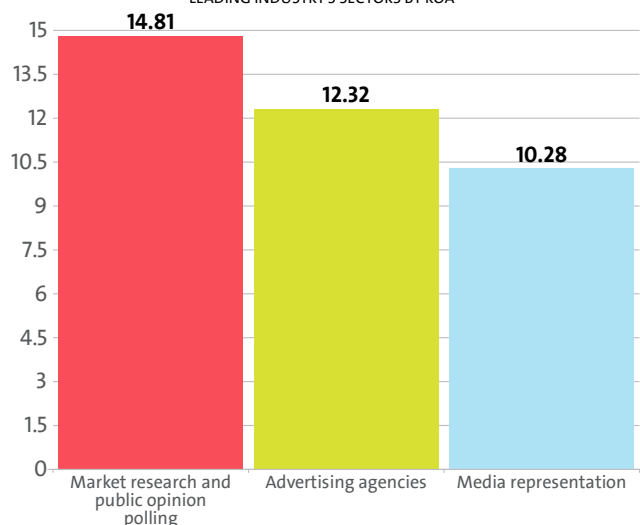
The Advertising and market research industry's return on equity (ROE) is 45.54% compared to 51.12% in 2015 and 27.34% in 2014.

The Advertising and market research's return on assets (ROA) was 12.57%, while in 2015 it amounted to 10.03% and 7.17% in 2014.

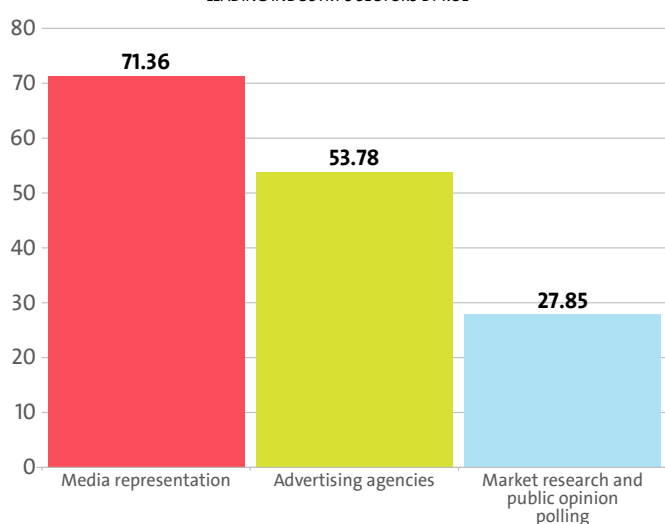


V. PROFITABILITY

LEADING INDUSTRY'S SECTORS BY ROA



LEADING INDUSTRY'S SECTORS BY ROE



TOP 10 COMPANIES BY HIGHEST AVERAGE NET PROFIT PER EMPLOYEE IN ADVERTISING AND MARKET RESEARCH

RANK	COMPANY	RON	COMPANY HEADQUARTERS (CITY)
1	COCA-COLA ROMANIA SRL	1,597,518	BUCHAREST
2	V&P TOP SYSTEMS SRL	1,575,027	BUCHAREST
3	RECRUITING INSTORE SERVICES SRL	1,272,184	BUCHAREST
4	TAKTIKE ADVERTISING SRL	1,113,841	BUCHAREST
5	ENOIU & RAZBOIU INVEST SRL	1,080,204	BUCHAREST
6	DIGITALK MEDIA SERVICES SRL	1,064,678	BUCHAREST
7	INTELLIGENTS PUBLICITATE SRL	1,008,966	ILFOV
8	OFFICE INDUSTRIAL CONSULT SRL	1,007,241	BUCHAREST
9	SEVEN MONKEYS CONSULTING SRL	819,527	BUCHAREST
10	GROUPM MEDIA OPERATIONS SRL	796,509	BUCHAREST

About 90.00% of the 10 leading companies in terms of net profit per employee are located in Bucharest, while 10.00% are Ilfov-based.

The average net sales revenue per employee in the Advertising and market research industry amounted to RON 294,339 in 2016, up by 14.76% compared to 2015 and up by 28.32% compared to 2014.

The Advertising and market research market generated an average RON 304,316 in total revenue per employee. In 2015 and 2014 the figure was RON 270,416 and RON 238,835, respectively.

The average total revenue per company in the Advertising and market research industry increased to RON 878,950 in 2016 from RON 827,865 in 2015. The 2014 value was RON 764,766.

A company in the Advertising and market research market made on average a net sales revenue of RON 850,133 in 2016, compared to RON 785,238 in 2015 and RON 734,459 in 2014.

The Advertising and market research industry made 0.63% of the overall sales country-wide, increasing its market share by 0.07 pp.

AVERAGE REVENUES PER EMPLOYEE IN ADVERTISING AND MARKET RESEARCH IN 2016

SECTOR	AVERAGE NET SALES REVENUE (RON)	AVERAGE TOTAL REVENUE (RON)	NUMBER OF EMPLOYEES
MARKET RESEARCH AND PUBLIC OPINION POLLING	203,947	223,678	4,638
ADVERTISING AGENCIES	290,255	297,715	19,661
MEDIA REPRESENTATION	713,050	726,599	1,193

AVERAGE REVENUE PER COMPANY IN ADVERTISING AND MARKET RESEARCH IN 2016

SECTOR	AVERAGE NET SALES REVENUE (RON)	AVERAGE TOTAL REVENUE (RON)	NUMBER OF COMPANIES
MEDIA REPRESENTATION	1,413,071	1,439,921	602
MARKET RESEARCH AND PUBLIC OPINION POLLING	890,685	976,855	1,062
ADVERTISING AGENCIES	796,803	817,281	7,162

The total indebtedness of the companies in the Advertising and market research industry was RON 4,155,772,093 versus RON 2,338,176,209 a year ago. In 2014 the industry's indebtedness totalled RON 3,612,507,074.

INDUSTRY'S INDEBTEDNESS BY SECTORS (RON)

SECTOR	2016	2015	2014
ADVERTISING AGENCIES	3,179,555,025	1,773,817,925	2,795,854,714
MEDIA REPRESENTATION	493,243,468	278,406,388	364,997,515
MARKET RESEARCH AND PUBLIC OPINION POLLING	482,973,600	285,951,896	451,654,845

Debt-to-assets ratio of the companies in the industry is 0.69 in 2016. It was 0.41 in 2015 and 0.69 in 2014.

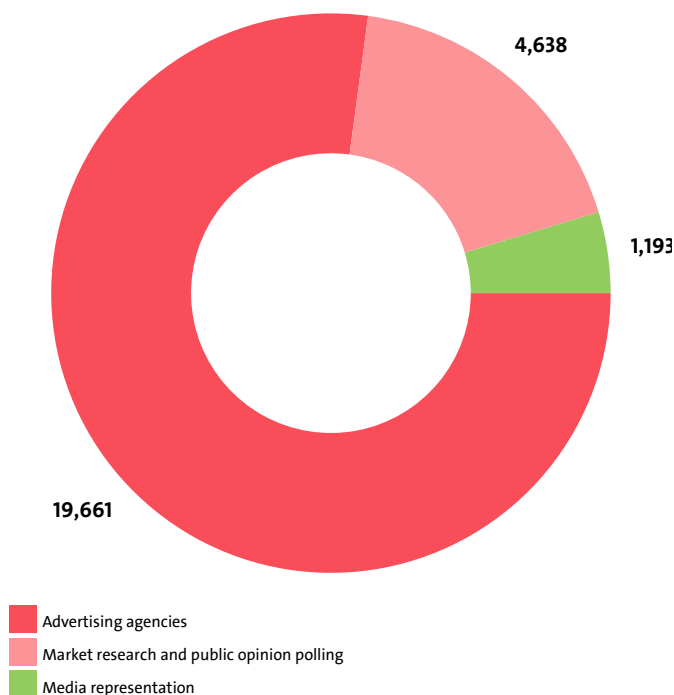
VI. EMPLOYMENT

A total of 25,492 people were employed in the Advertising and market research field at the end of 2016, compared to 25,159 in 2015 and 24,419 in 2014.

NUMBER OF EMPLOYEES BY INDUSTRY SECTORS

SECTOR	NUMBER	SHARE OF INDUSTRY TOTAL
ADVERTISING AGENCIES	19,661	77.13%
MARKET RESEARCH AND PUBLIC OPINION POLLING	4,638	18.19%
MEDIA REPRESENTATION	1,193	4.68%

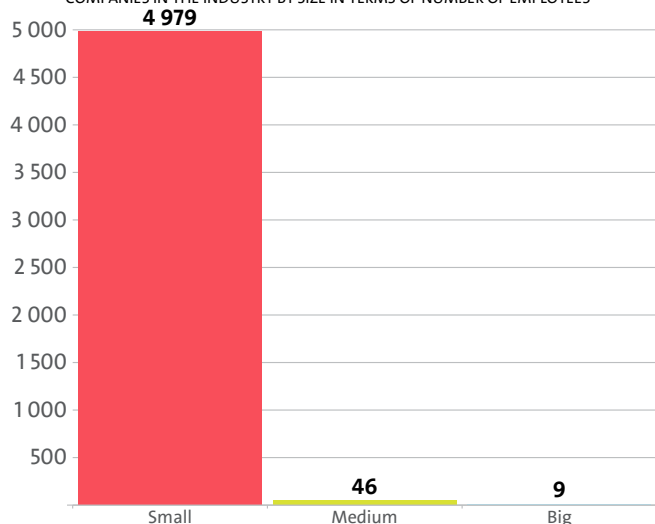
ALLOCATION OF EMPLOYEES BY INDUSTRY'S SECTORS



The analysis on companies' sizes by the number of employees, shows that 4979 firms have less than 50 employees*, 46 have between 50 and 250 employees* and 9 companies employ more than 250*.

* Companies without data in the number of employees at end of the year are not taken into consideration.

COMPANIES IN THE INDUSTRY BY SIZE IN TERMS OF NUMBER OF EMPLOYEES



The employees of the leading 10 companies in terms of

numbers make up 17.41% of the workforce in the industry in 2016.

TOP 10 COMPANIES BY SHARE IN INDUSTRY'S TOTAL NUMBER OF EMPLOYEES

RANK	COMPANY	NUMBER OF EMPLOYEES	SHARE
1	IPSOS INTERACTIVE SERVICES SRL	943	3.70%
2	GFK ROMANIA-INSTITUT DE CERCETARE DE PIATA SRL	681	2.67%
3	GRUP SAPTE SRL	552	2.17%
4	IDO AD PUBLICITATE SRL	510	2.00%
5	MIB GROUP BTL SRL	341	1.34%
6	CLOCK ADVERTISING SRL	330	1.29%
7	INSTITUTUL ROMAN PENTRU EVALUARE SI STRATEGIE (I.R.E.S.) SRL	285	1.12%
8	FIELD STAR SRL	280	1.10%
9	SERVIER PHARMA SRL	275	1.08%
10	MERCURY360 COMMUNICATIONS SRL	241	0.95%

The Advertising and market research industry is the 44th largest employer in the country with 25,492 employees with the largest employer being Retail trade, except of motor vehicles and motorcycles with 437,697 and Activities of extraterritorial organisations and bodies at the bottom with 1 employees.

We expect, based on the trend in the last three years, the number of employees of the Advertising and market research industry to change at a compound annual growth rate (CAGR) of 2.17% in 2017.

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We'd be glad to discuss our services or your project in detail and help you come up with a solution.

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