



Digital industry barometer during the war №1

March, 2022



Anastasiya Baydachenko

CEO IAB Ukraine

During war, the primary task of IAB Ukraine as an industrial organization is to correctly assess the degree of negative impact of the hostilities on the digital industry. To do this, we are launching the Barometer project, which aims periodical measurements of the current state of affairs in the digital industry. The results of the survey will allow tracking the dynamics of change, as well as developing, adopting and implementing measures to help market players and their employees, as well as find ways to support Ukrainian businesses.

IAB Ukraine expresses its sincere gratitude to Kantar Ukraine for assistance in preparing questionnaires and analytical conclusions

KANTAR

● Methodology

This is a survey of the IAB Ukraine Digital industry Barometer during the war period in Ukraine, 2022. This is a survey of the current state and forecasts of advertisers and agencies of the interactive advertising market.

The research was conducted through a targeted online survey of market players. The period of survey is March 2022. The survey involved 45 representatives of advertising agencies and 29 representatives of advertisers.

DIGITAL AGENCIES AND PLATFORMS

● IAB Ukraine expresses its sincere gratitude to all participants of the project

AdPartner

Adwork

AIR Brands

AMS agency

ARTJOKER

Burda Media

Dentsu Media

Doris

HASHTAG

Havas Digital Kyiv

Hexagon Agency

Hybrid.ai

INCREATE

iplace

iProspect Ukraine
(dentsu)

Jiwo Digital Agency

Kiwi agency

Lanet Click

Logitech

Media maker

Media Maker

Mediahead

MGID

MixDigital Ukraine

NEOS

Netpeak

New Strategies Group

NGN.agency

NLC

OM OMD Group

Postmen

Promodo

Publicis Groupe

Rakuten Advertising

RAZOM group

Sasquatch Digital

Sense Production, e-commerce agency

SODA

Solar Digital

Sparkle Design

TMGU

vivid

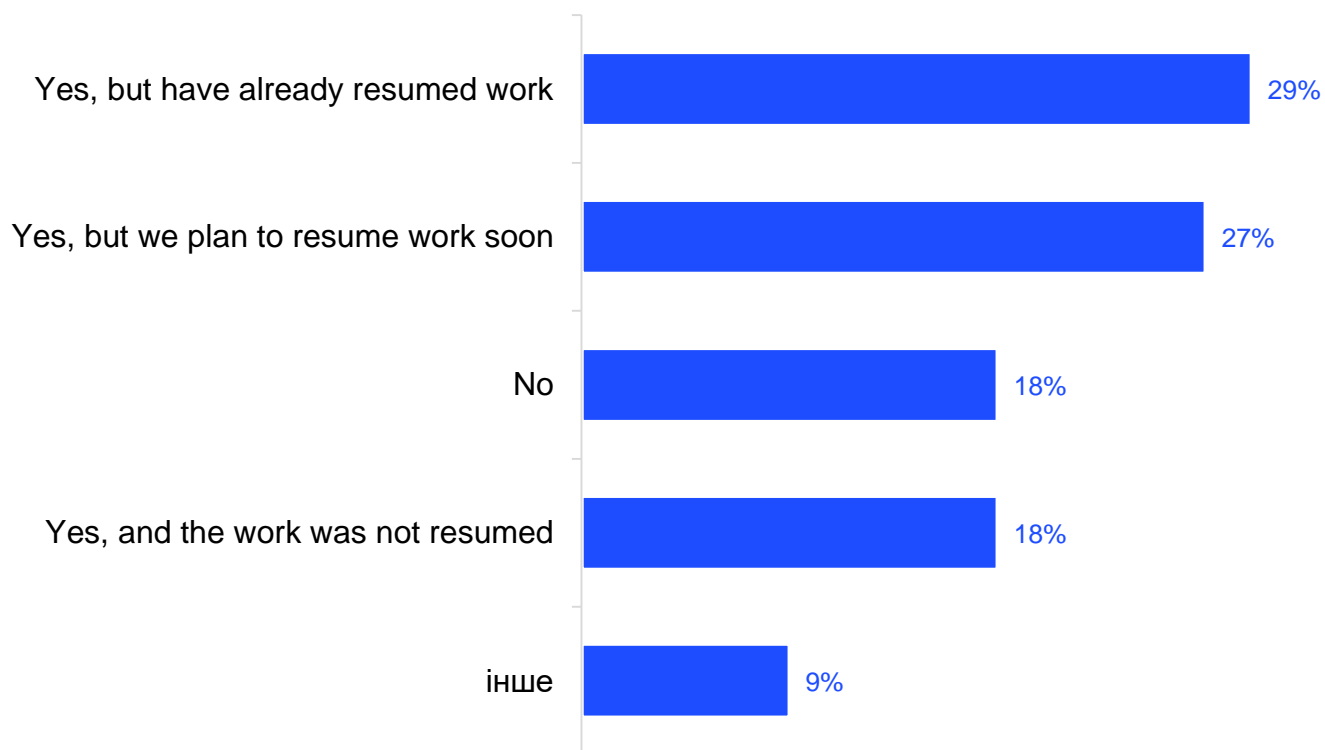
VPoint

Webpromo

ZORELiT

● Did you interrupt the company's commercial work after 24.02?

More than 70% of advertising agencies have interrupted their work, but more than 50% are resuming business - 29% have already resumed, and 27% plan to resume work in the near future.



● The main changes in interactive advertising market

➤ Local creative agency

"Looking for new markets and new customers, starting from scratch"

➤ Network holding

"We did not stop work, but almost all campaigns were cancelled. There are a couple of point micro-projects left"

➤ Advertising Platform

"As we are a network, we technically can not stop our activities, but have been forced to significantly reduce the cost of technical support."

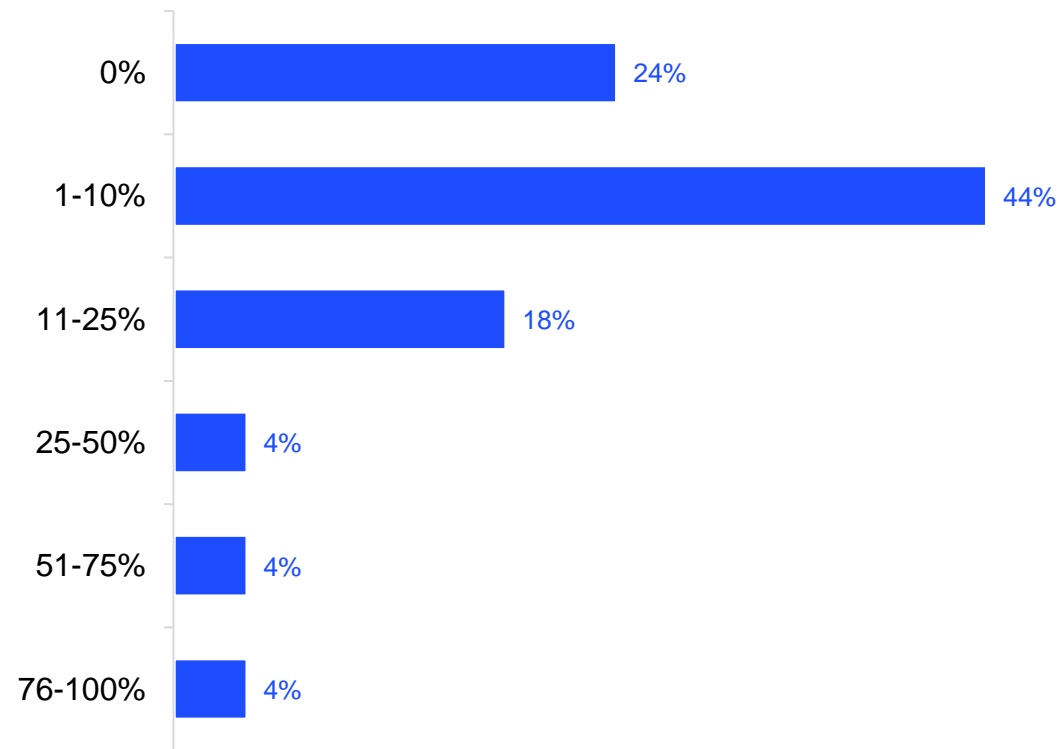
➤ Local digital agency

"We have completely rebuilt the information resistance. A quarter of the current customers remain. All projects have been transformed, some have been significantly reduced "

● How would you estimate the level of commercial load of your company in March 2022 compared to January 2022?

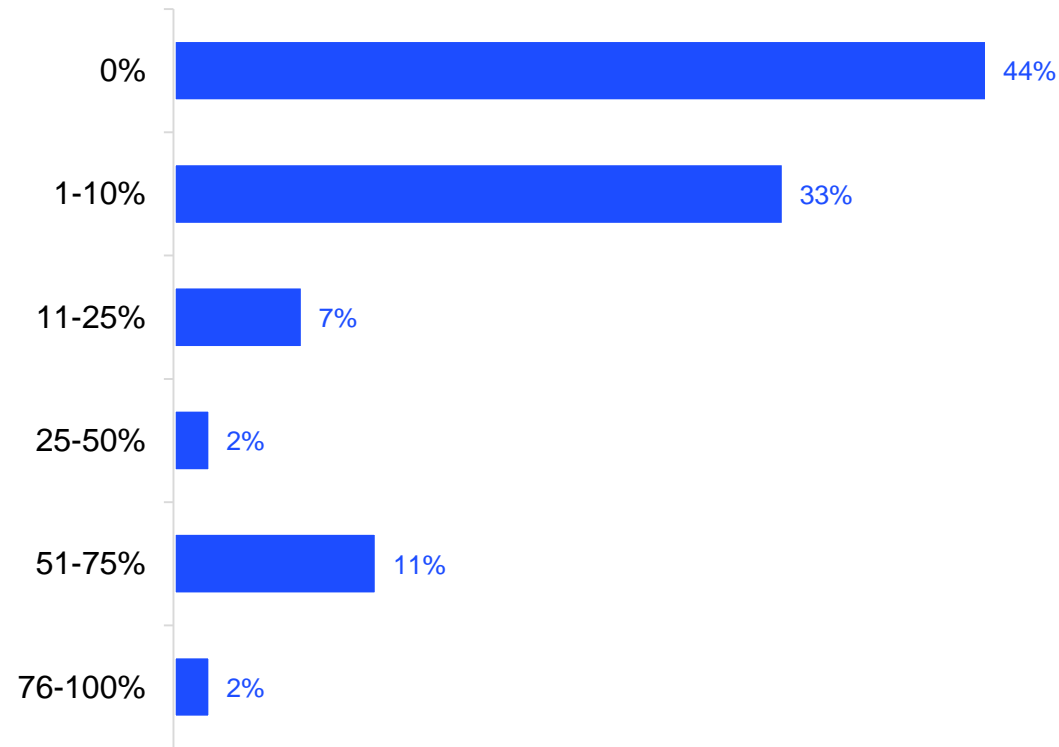
The level of commercial load in most representatives of advertising agencies did not exceed 10%.

In a quarter of agencies, the level of commercial activity has suspended.



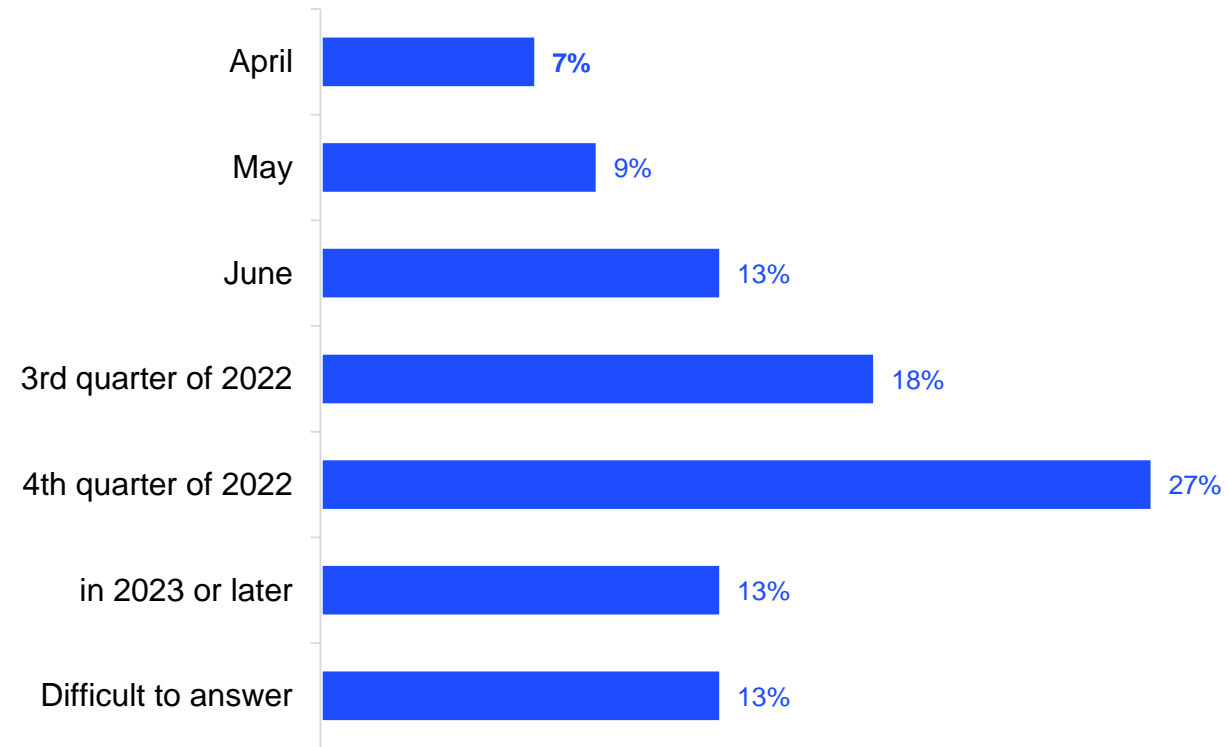
- How would you rate the level of advertising activity of your company in March 2022 compared to January 2022?

The level of advertising activity in 44% of advertising agencies was 0%, a third of agencies worked at a load of up to 10%.



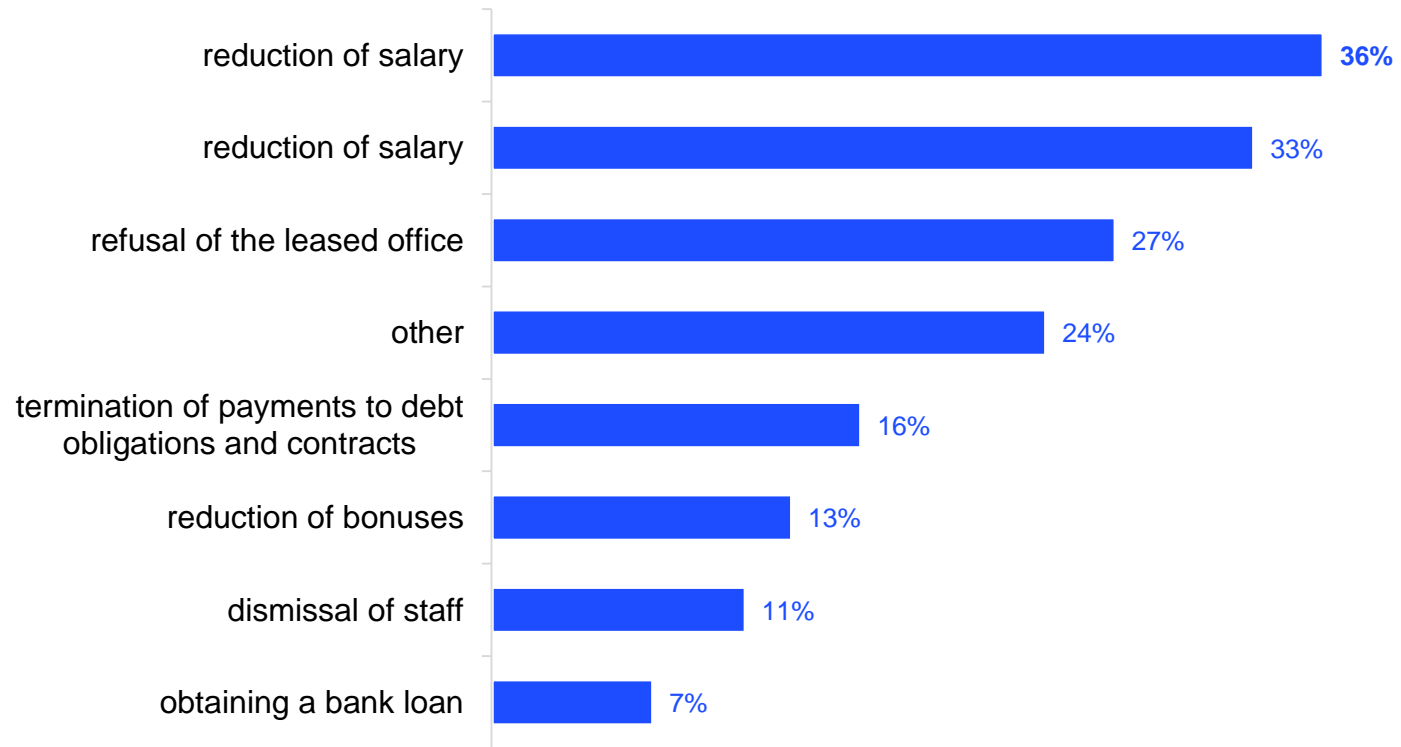
- When do you expect your company's resumption to be at least 75% compared to January 2022?

About a quarter expect to resume advertising activity in April, while more than 40% - in the second half of 2022.



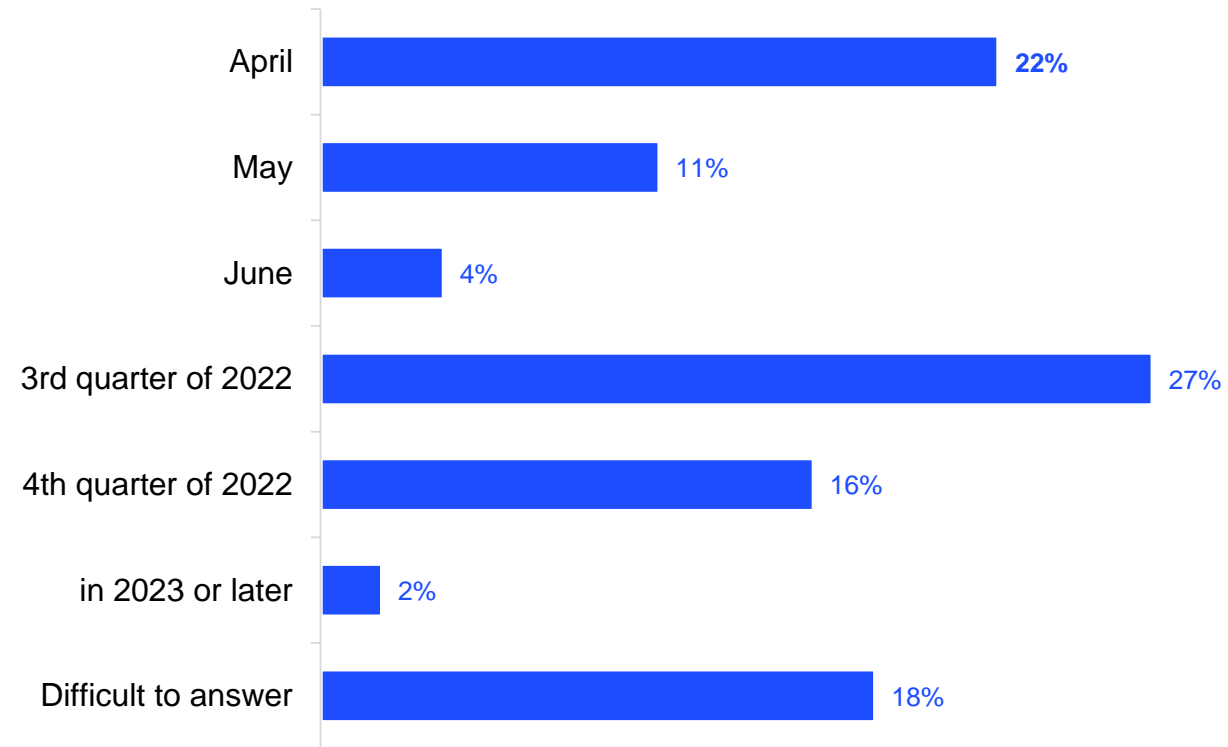
● What measures have you had to take to support your business?

In order to support the business, the companies were forced to cut salaries, cancel bonuses and refuse to rent offices.



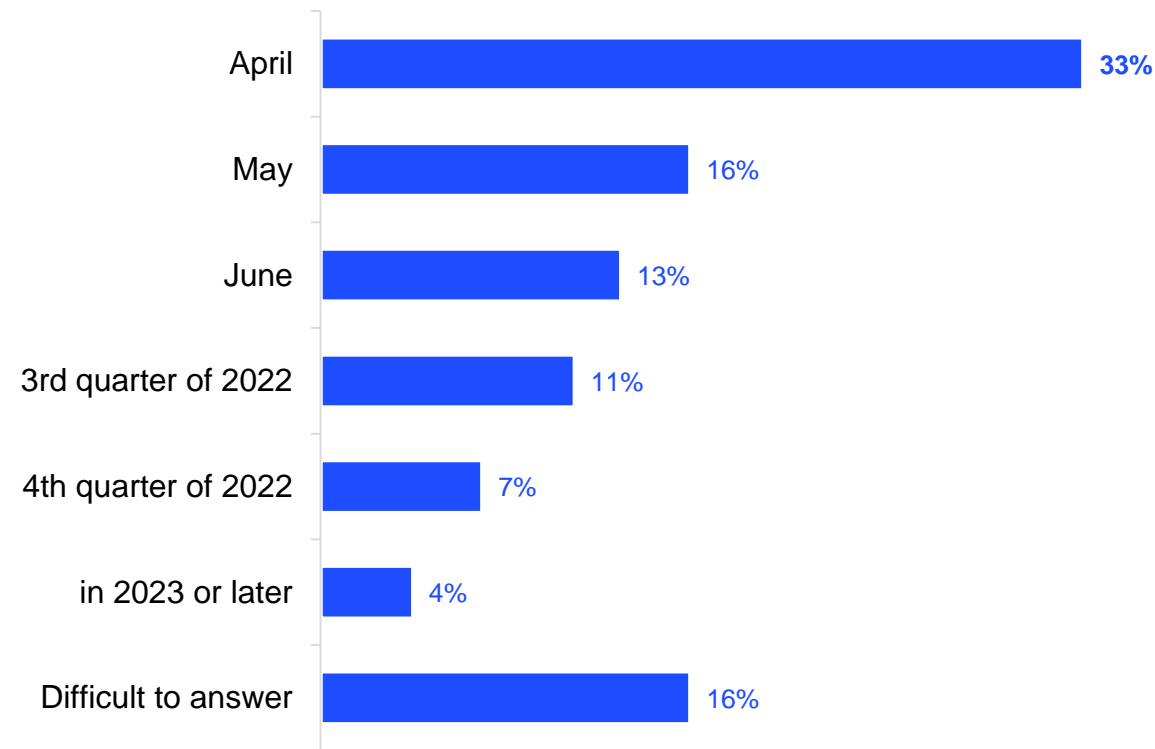
● When do you expect your company's advertising activity to resume?

The agency is expected to resume advertising activities in April and autumn.



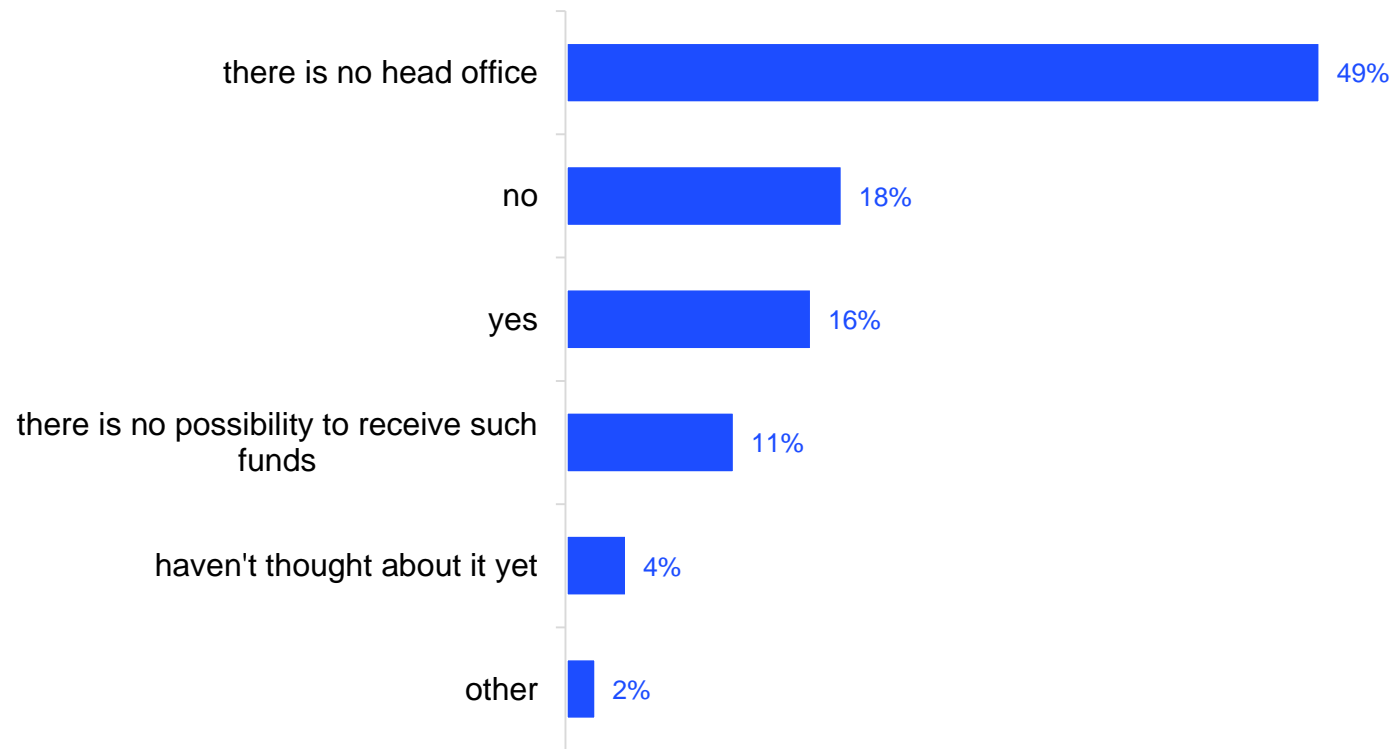
- When do you expect to plan to completely close the payment for the acts of work performed for December 2021-March 2022?

One third of advertising agencies plan to fulfill their financial obligations under the acts of work performed for December 2021-March 2022 in April.



- Are you planning to apply to Headoffice to get money to pay for advertising campaigns in December-March?

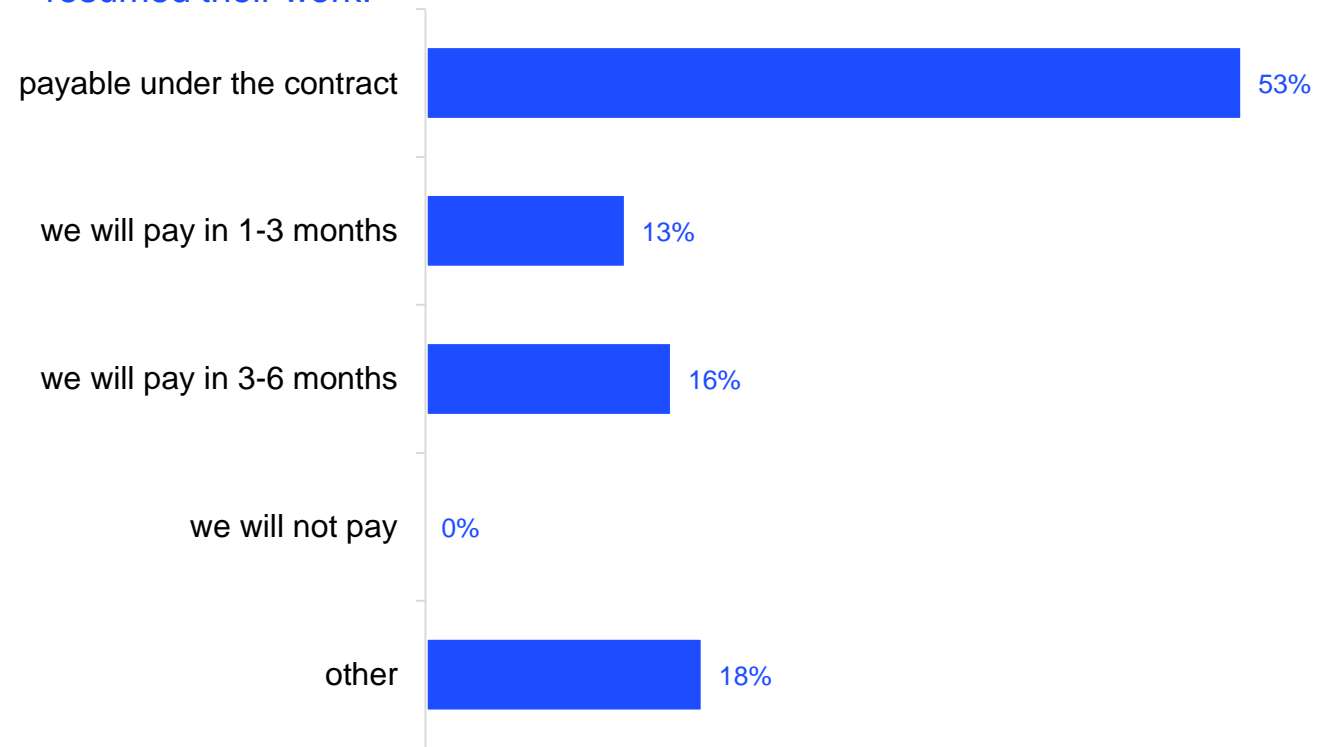
Half of the surveyed advertising agencies do not have head offices, so they are not able to receive funds to pay for advertising campaigns for December 2021-March 2022.



● Attitude to debt for advertising campaigns:

36% of advertisers were forced to discontinue business without the possibility of resumption after 24.02.

29% of advertisers who have discontinued their business have already resumed their work.



● Attitude to debt for advertising campaigns:

> Advertising platform

"We try to make payments under contracts, but this is not always possible"

> International advertising platform

"No debt"

> Specialized unit of network holding

"After the end of force majeure according to information from the Chamber of Commerce and Industry of Ukraine"

> Local digital agency

"There are no debts to contractors, only debts from customers"

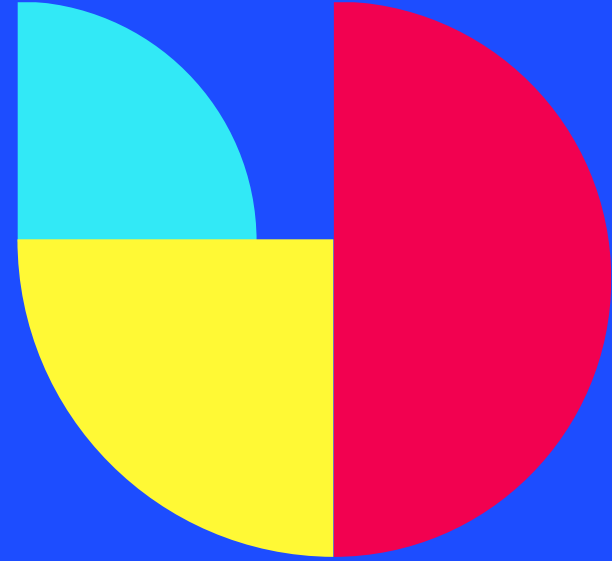
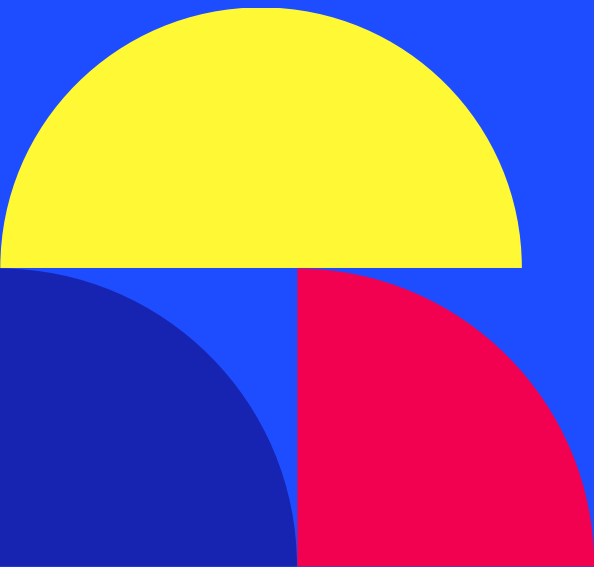
> Media unit network holding

"We do not waive obligations, we pay debts in accordance with the possible terms of payment of clients"

> Production, e-commerce agency

"No debt in this area"

Advertisers



● IAB Ukraine expresses its sincere gratitude to all participants of the project

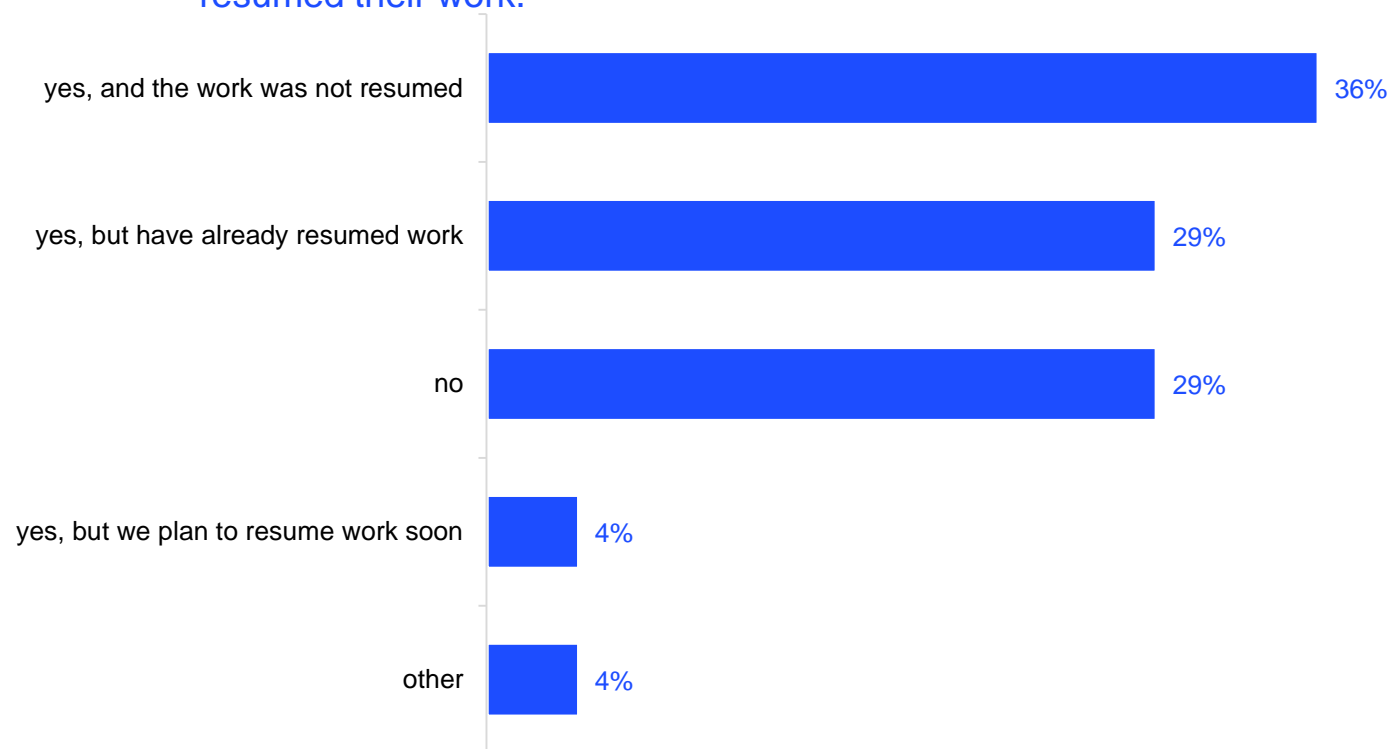
American Beauty
International
Decathlon Ukraine
Dream Family
FIZMAT
Glovo Ukraine
ISEI
Mastercard S.A.
Obozrevatel
OLX Ukraine
Sopharma

The Yard
Zoloche Intenational
School
АТ «Ощадбанк»
Ашан
БІЗПОЗИКА
Василь Кісіль і
Партнери
Долфи Украина
Ідея Банк
Нова пошта

Стара Правда
ТОВ "Біокодекс Україна"
ТОВ "Маревен Фуд
Європа"
ТОВ "Хьорман-УА"
ТОВ Віпкар
ТОВ з ІІ "Хенкель
(Баутехнік) Україна"
ТОВ МІРОПЛАСТ
Філія «Автомобільний
Центр Київ»
Щедро

● Did you interrupt the company's commercial work after 24.02?

37% of advertisers were forced to discontinue business without the possibility of resumption after 24.02.
One third of advertisers have stopped their business and have already resumed their work.



● The main changes in the market of interactive advertising

➤ Advertiser 1

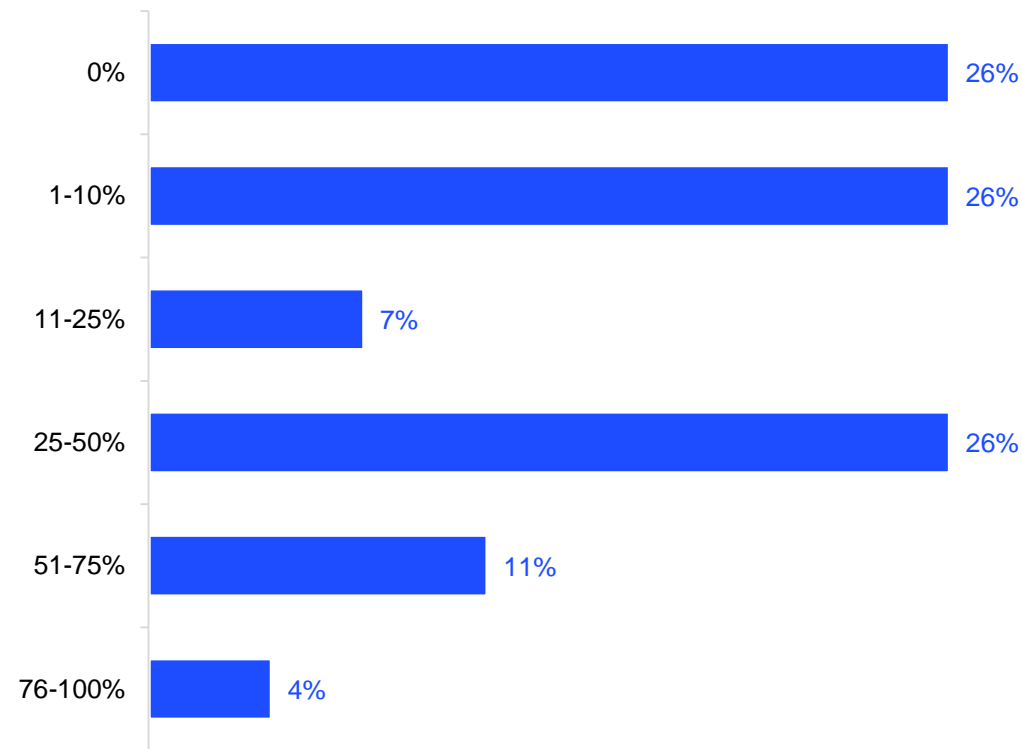
"Since 24.02.22 the business is not working"

➤ Advertiser 2

"Facilities in Kyiv were closed and transferred to help the country. Facilities in Lviv are working, we are opening new ones to shelter refugees "

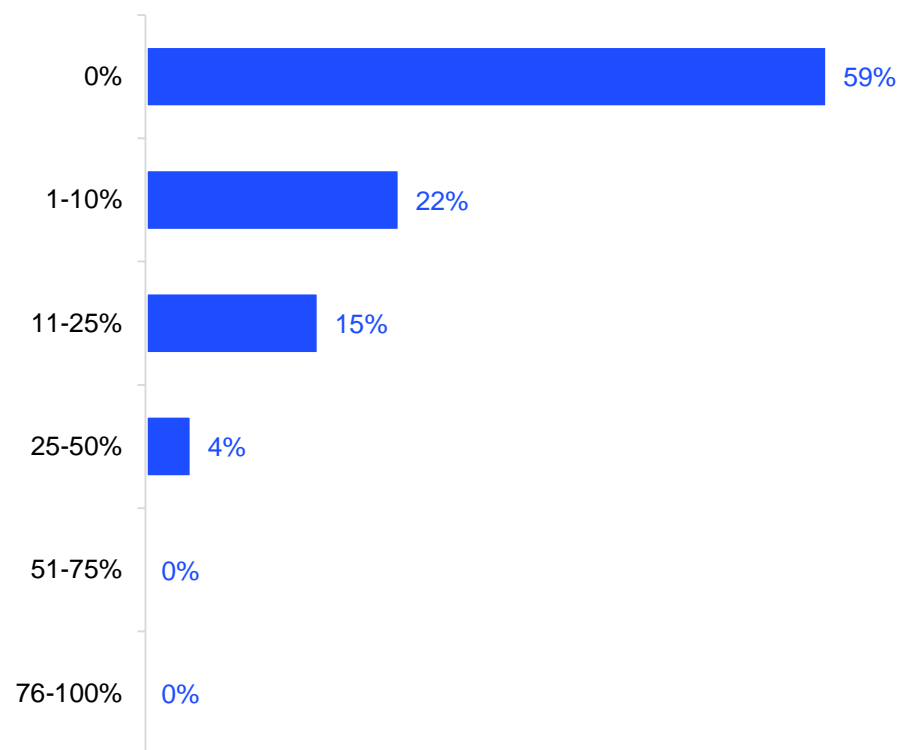
- How would you estimate the level of commercial load of your company in March 2022 compared to January 2022?

26% of advertisers report a commercial load in March at 0%. A quarter of advertisers estimate the level of commercial load at levels up to 10% and the same number - from 25 to 50%.



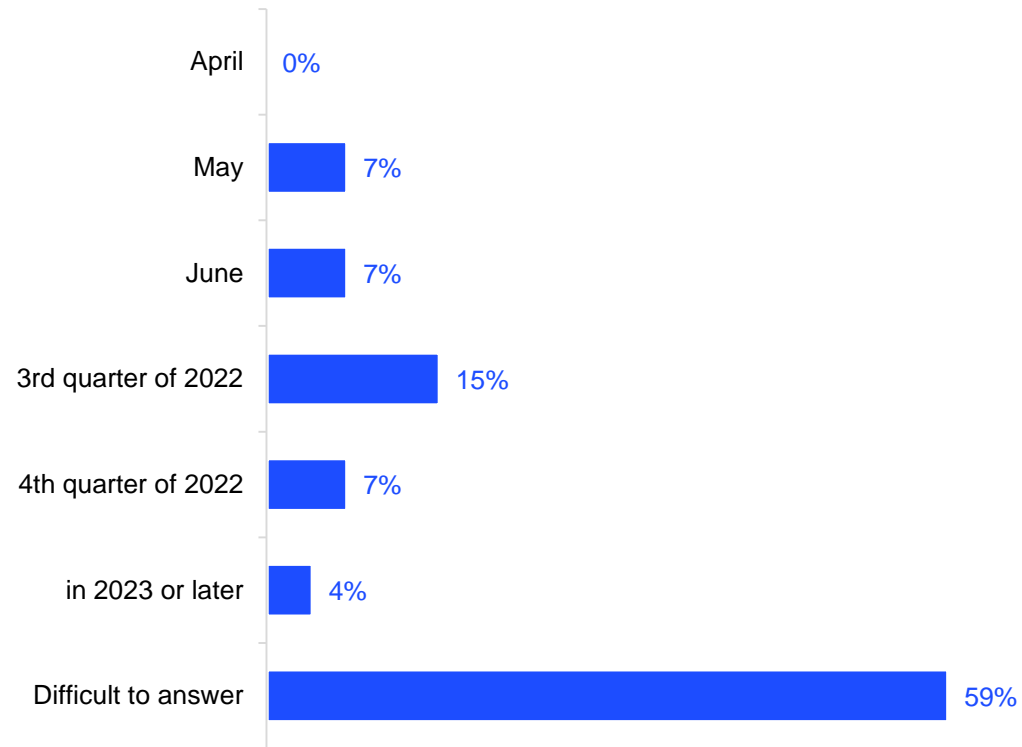
- How would you rate the level of advertising activity of your company in March 2022 compared to January 2022?

59% of advertisers did not conduct advertising activities in March 2022.
In general, the activity of players did not exceed 50% compared to January.



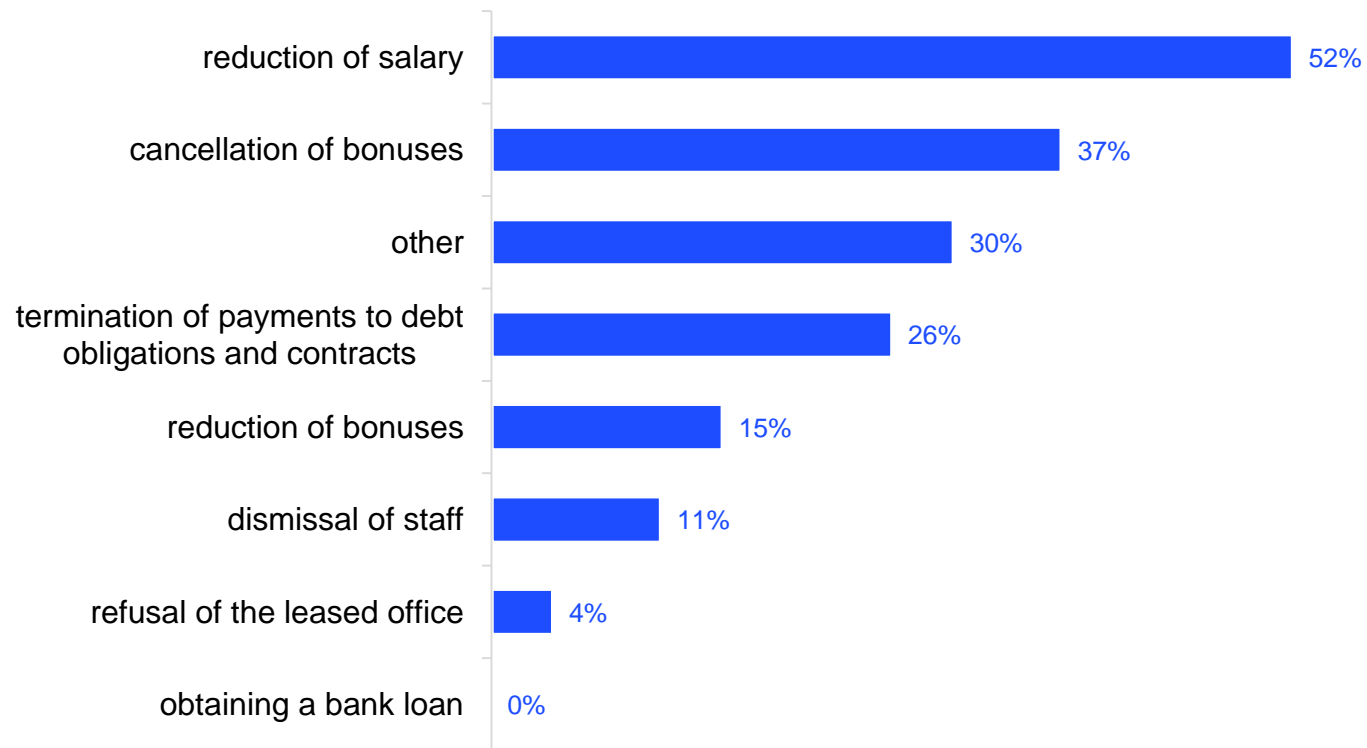
- When do you expect your company's resumption to be at least 75% compared to January 2022?

59% can not answer when the company resumes at least 75%, the majority focuses on the 3rd quarter.



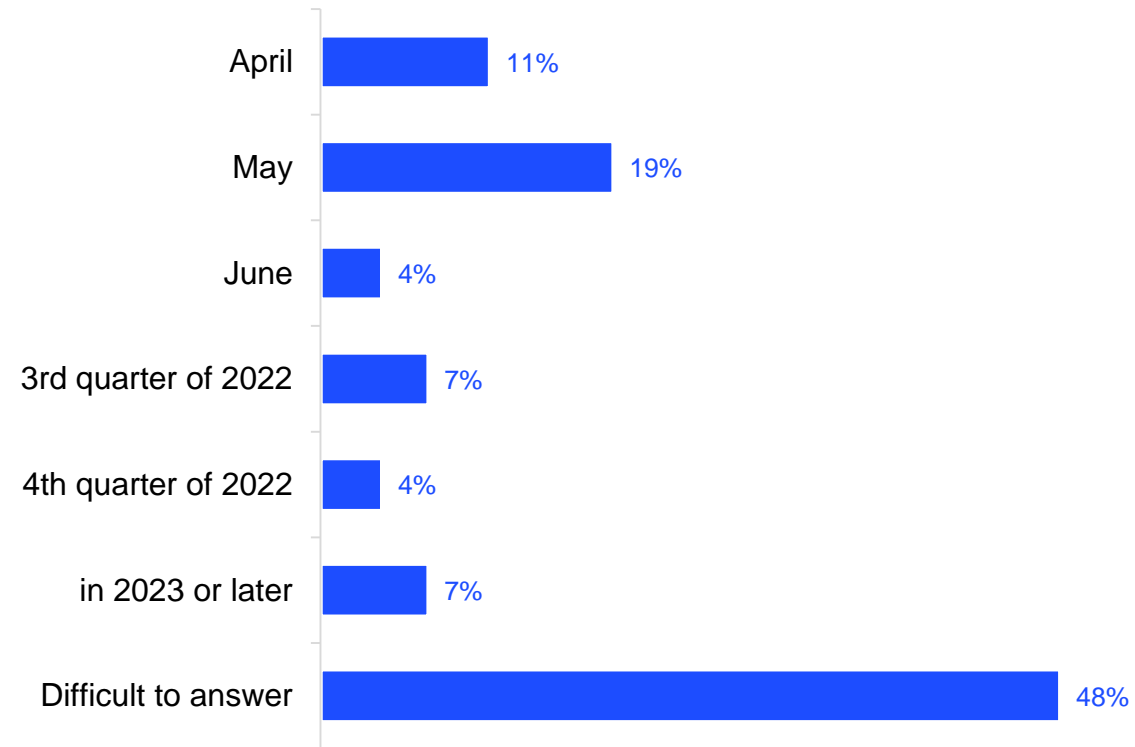
● What measures have you had to take to support your business?

More than half of advertisers were forced to cut wages, 37% of respondents refused to pay bonuses.
26% stopped paying on debt contracts.



● When do you expect your company's advertising activity to resume?

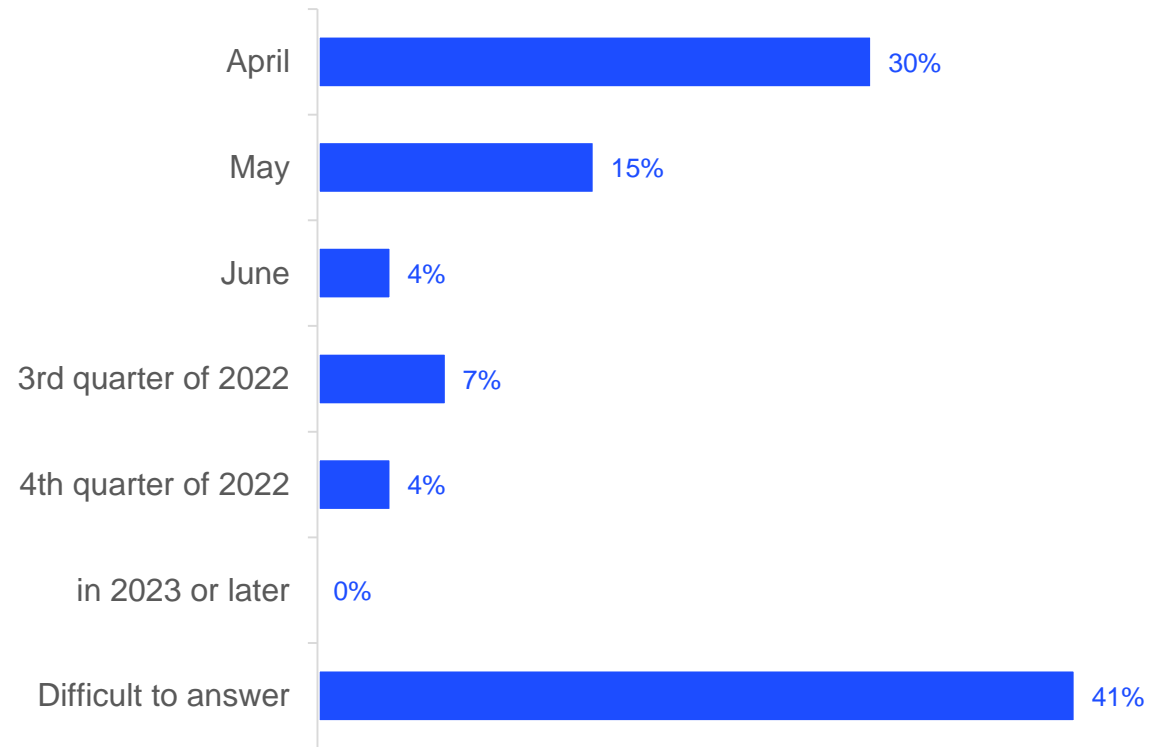
Almost half of respondents find it difficult to predict the resumption of advertising activity, 19% hope to resume it in May.



- When do you expect to plan to completely close the payment for the acts of work performed for December 2021-March 2022?

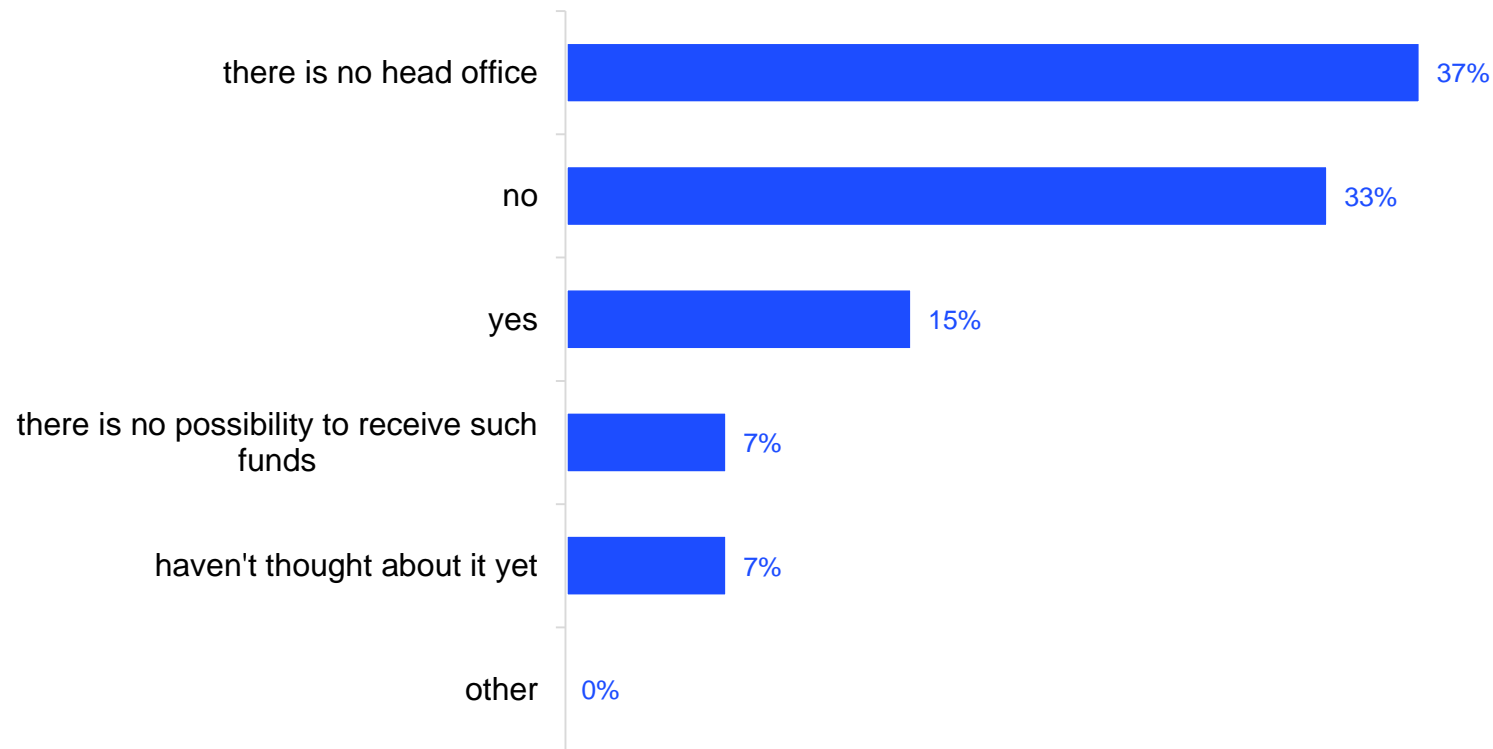
More advertisers surveyed are hesitant about the timing of the December 2021-March 2022 financial commitment.

One third of advertisers plan to make payments in April.



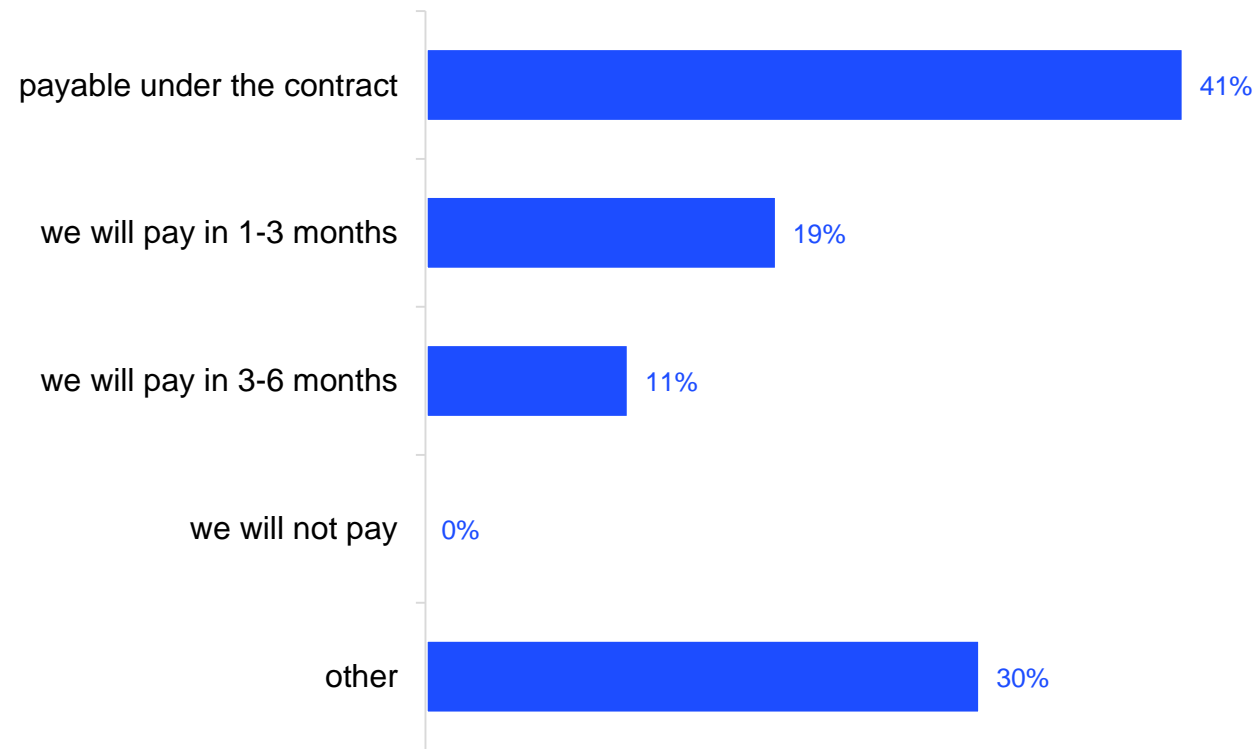
- Are you planning to apply to Head office to get money to pay for advertising campaigns in December-March?

37% of advertisers do not have head offices outside Ukraine, so they cannot expect financial support to pay for advertising campaigns. 33% did not appeal to their head offices.



● Attitude to debt for advertising campaigns

41% of surveyed advertisers plan to fulfill their financial obligations under the terms of the contract. 30% chose "other" and gave detailed comments. See Next slide.



● Attitude to debt for advertising campaigns:

> Advertiser 1

"The decision is made by the parent company, we make reasoned requests and wait for a decision"

> Advertiser 2

"We have no debts, but we do not extend contracts"

> Advertiser 3

"We will pay all the costs in the near future. Must pay in April"

> Advertiser 4

"No debt"

> Advertiser 5

"We've already paid"

> Advertiser 6

"Temporarily suspended work with contractors on the point of force majeure in contracts"

> Advertiser 7

"We will resume payments after the resumption of full operation of the company"

CONCLUSIONS

● Conclusions

- As expected, the war hit the advertising market hard - 74% of advertising agencies and almost 70% of advertisers interrupted their business
- 24% of digital agencies did not work in March, and in most cases the level of commercial workload did not exceed 10%. 26% of advertisers had no commercial load, 85% generally did not exceed 50%
- To optimize the financial situation, the business resorted to reducing the salaries, waiving bonuses. 24% of advertisers are also forced to suspend payments on debt contracts
- There is hope for recovery, but the advertising market is ahead of the advertisers themselves: more than 50% of digital agencies resume business (29% have already resumed, 27% are planning), while among advertisers this share is only 33% (29% resumed and 4% plan)
- 33% of digital agencies plan to fulfill their financial obligations under the acts of work performed for December 2021-March 2022 in April, and the majority in the second half of 2022, among advertisers also about a third (30%) gathers in April, but 41% hesitate determination of payment terms
- About half (45%) of digital agencies expect to resume operations at 75% in the second half of 2022, while 59% of advertisers are unsure of the timing of the resumption of the company, only 22% focus on the 3rd and 4th quarters of 2022



Stand with Ukraine!