



Digital industry barometer during the war №6



April 2023



Anastasiya Baydachenko

CEO IAB Ukraine

In the first quarter of 2023, we record a confident improvement in the expectations of market players regarding the development scenarios of the Ukrainian economy and the digital industry. The lion's share of agencies, platforms and advertisers have either already resumed activity or have not interrupted it at all. Undoubtedly, in order to restore the industry and resume growth rates, we need a further return to the advertising activity of system advertisers. IAB Ukraine, as an industrial association, is ready to initiate further dialogue between agencies, platforms and advertisers and make every effort to level the barriers to the restoration of full-fledged advertising activity.

Thanks to all participants of the Barometer!

● Methodology

This is the 6th wave of the IAB Ukraine Digital Industry Barometer during the war period in Ukraine, 2022. It is a survey of current condition and forecasts of advertisers, agencies and platforms of the interactive advertising market.

The research was conducted by targeted online survey of market players. The period of implementation is January-March 2023.

43 representatives of advertising agencies and platforms and 10 representative of advertisers took part in the survey.

The pool of participants in each wave of the survey is not identical, the survey is conducted to identify trends in the industry.

DIGITAL AGENCIES AND PLATFORMS

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

ADEUM

Admixer Advertising

Adtelligent Inc.

Better Svit

Bidmatic.io

Burda Media Ukraine

Carat

CF.Digital

Communications Agency “VARTO”

Digital agency “Goal”

DL agency

EssenceMediacom

FishDigital

HASHTAG

HavasDigitalKyiv

INCREATE

iProspect

ISD Group

Isobar Ukraine

Kiwi Agency

Lanet CLICK

Media maker

Mediahead

MGID

MixDigital Ukraine

MOKO

NEOS

Netpeak

Obozrevatel.com

Netpeak Agencies Group

PlanNet (Serviceplan Group)

Promodo

Publicis Groupe

Publicis Groupe Content

Rakuten Advertising

Razom

Sasquatch Digital

SIGMA UA

Sparkle Design

TMGU

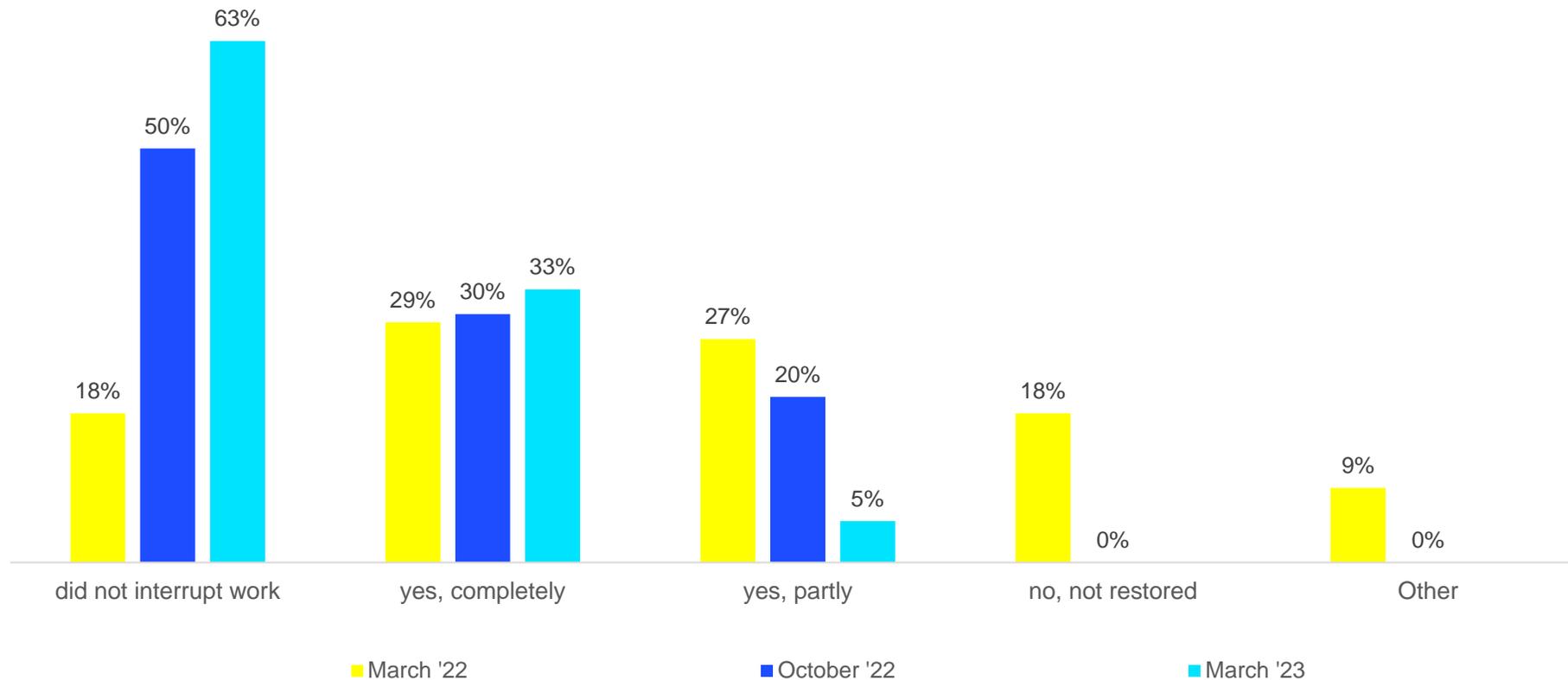
UAMOBILE.NET

VPoint

Webpromo

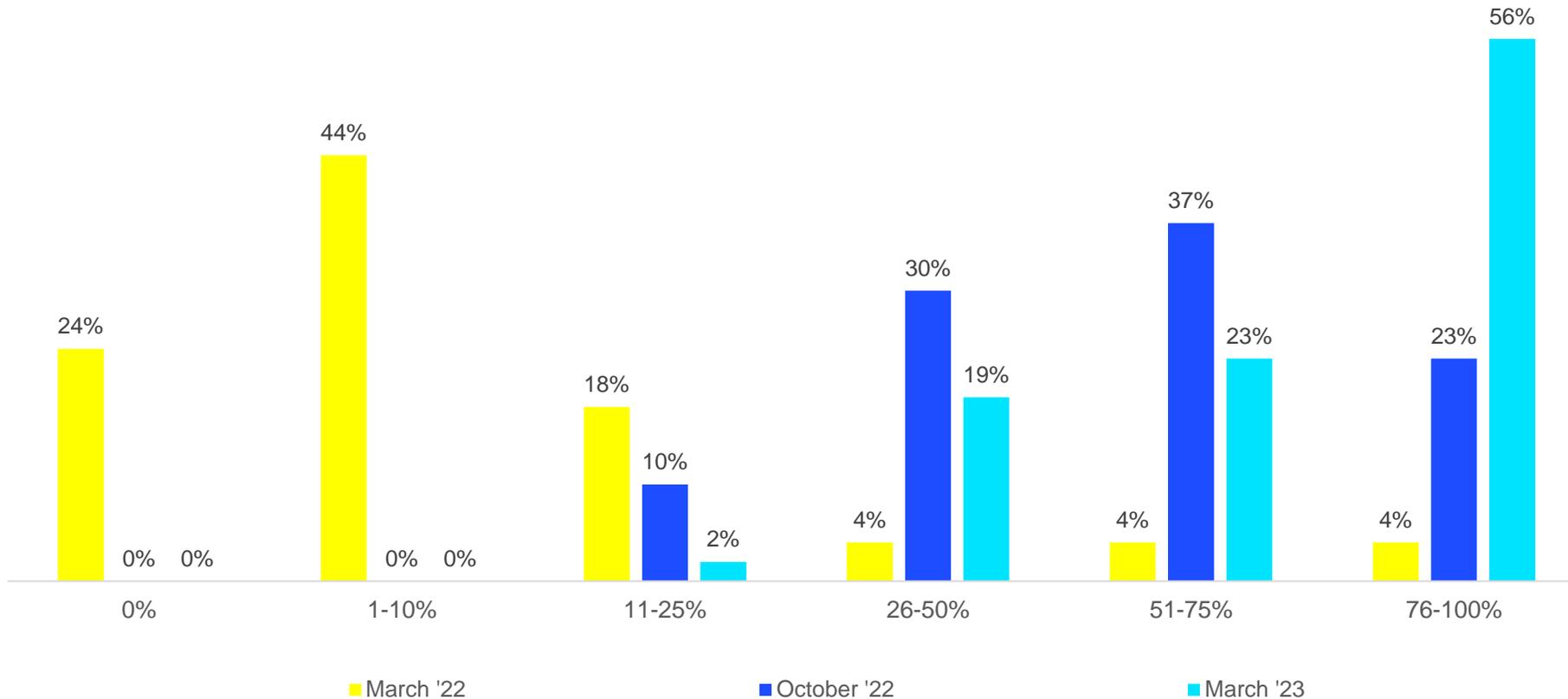
● If you interrupted the company's commercial operations after 24.02, did you resume commercial activities?

As of March 2023, there are no surveyed advertising agencies and platforms that have not resumed commercial activity. Only 5% of respondents are in the process of recovery, the rest have already resumed their activities.



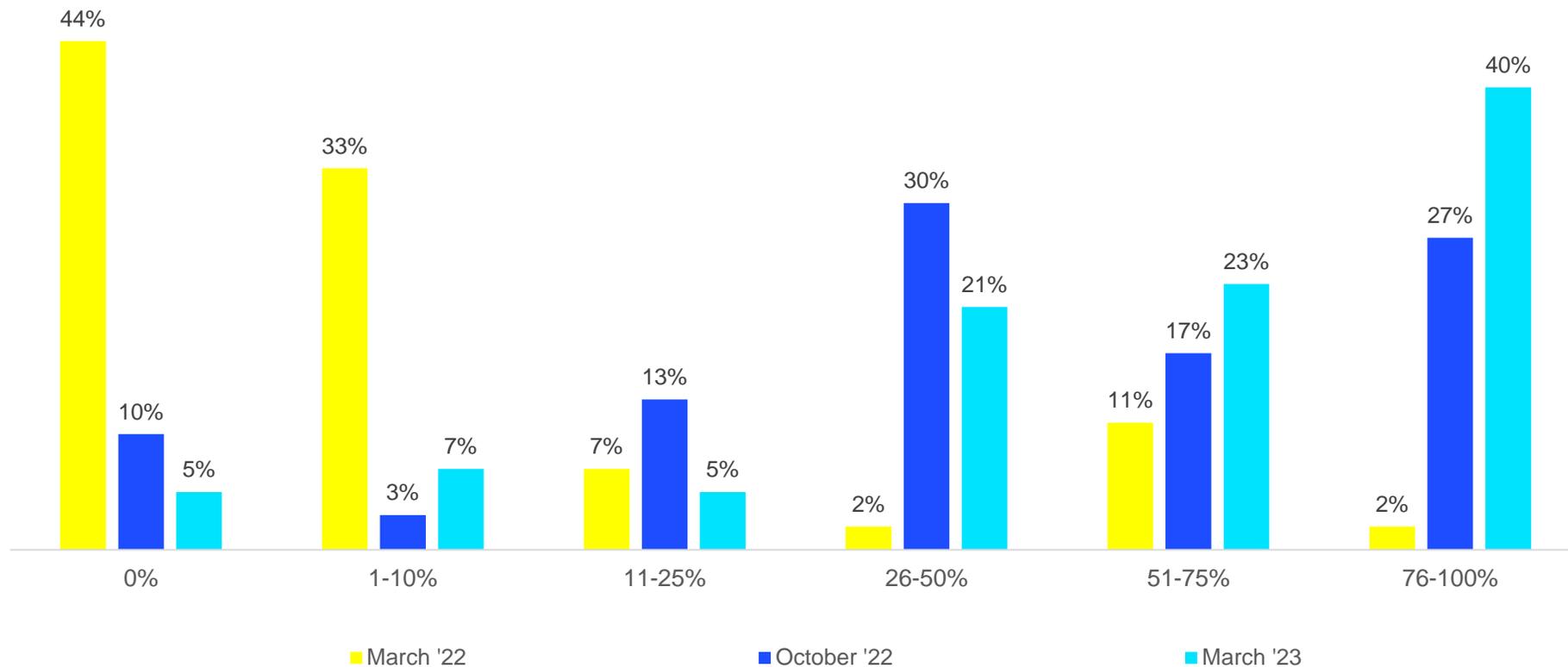
● How would you rate your company's average monthly business load in January-March 2023 compared to January 2022?

In the first quarter of 2023, the trend of increasing average monthly commercial occupancy continues. More than half of agencies and platforms (56%) report occupancy at 76%+. 1/5 respondents are loaded less than 50%.



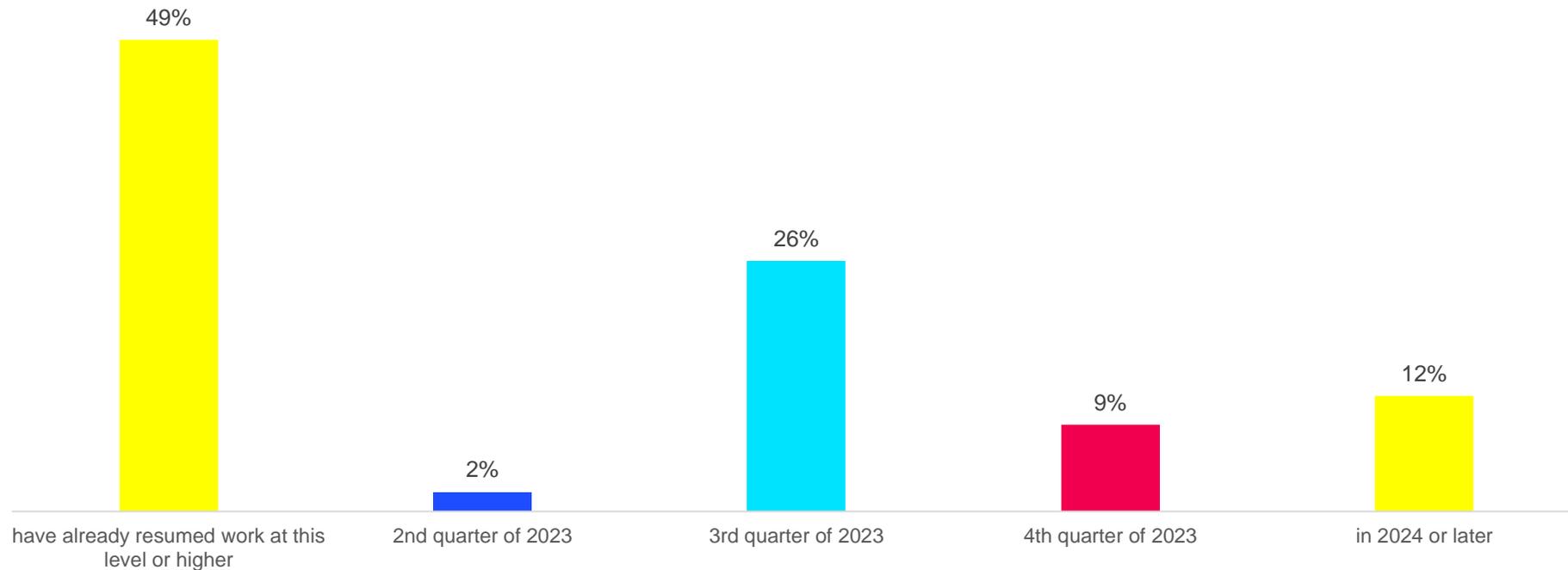
● How would you rate the average monthly level of advertising activity of your company in January-March 2023 compared to January 2022?

The share of agencies and platforms (63%) with a level of advertising activity of more than 50% increased significantly. At the level of up to 25%, 17% of respondents remain.



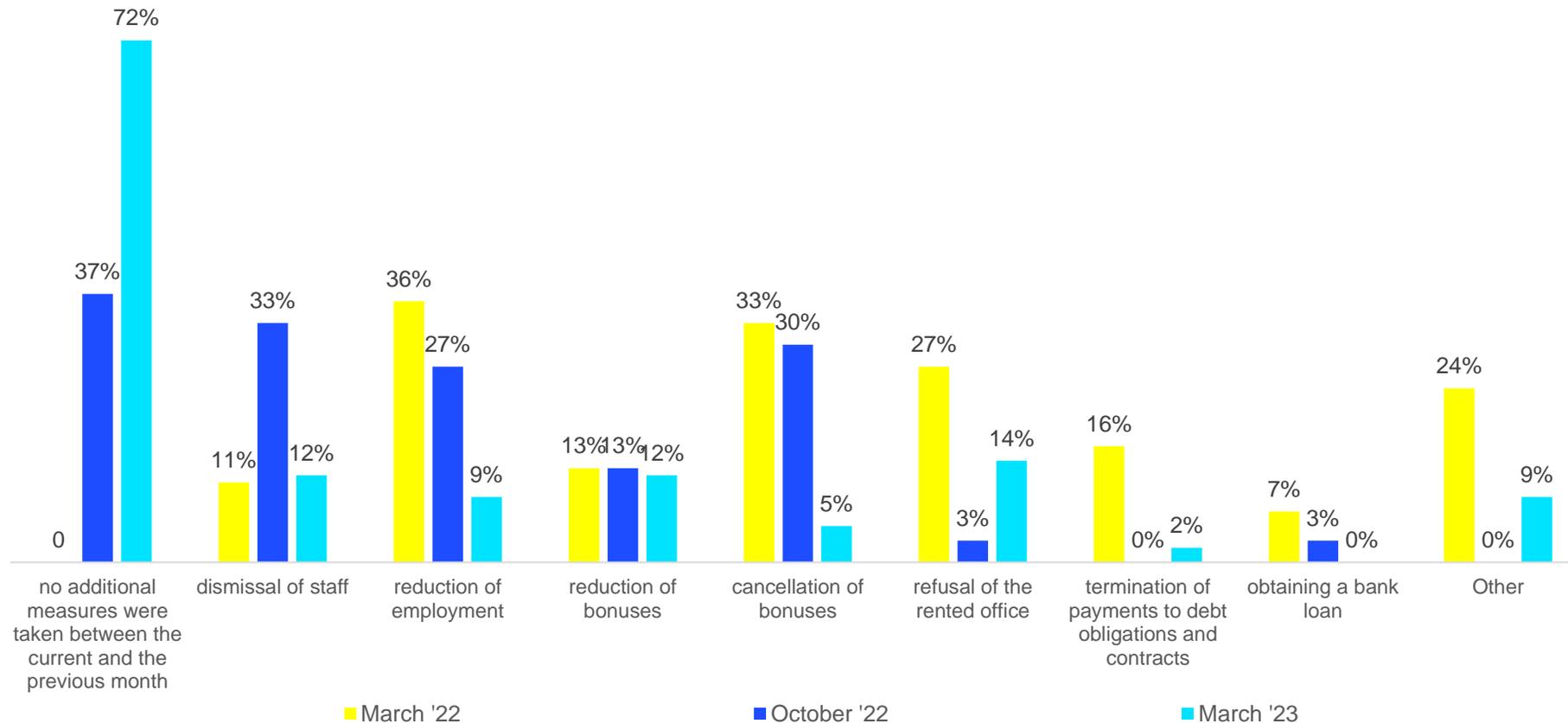
- According to your expectations, when will your company's work resume at a level of at least 75% compared to January 2022?

Almost half (49%) of advertising agencies and platforms have already resumed work at a level of at least 75%. 26% expect a recovery to 75% in Q3 2023.



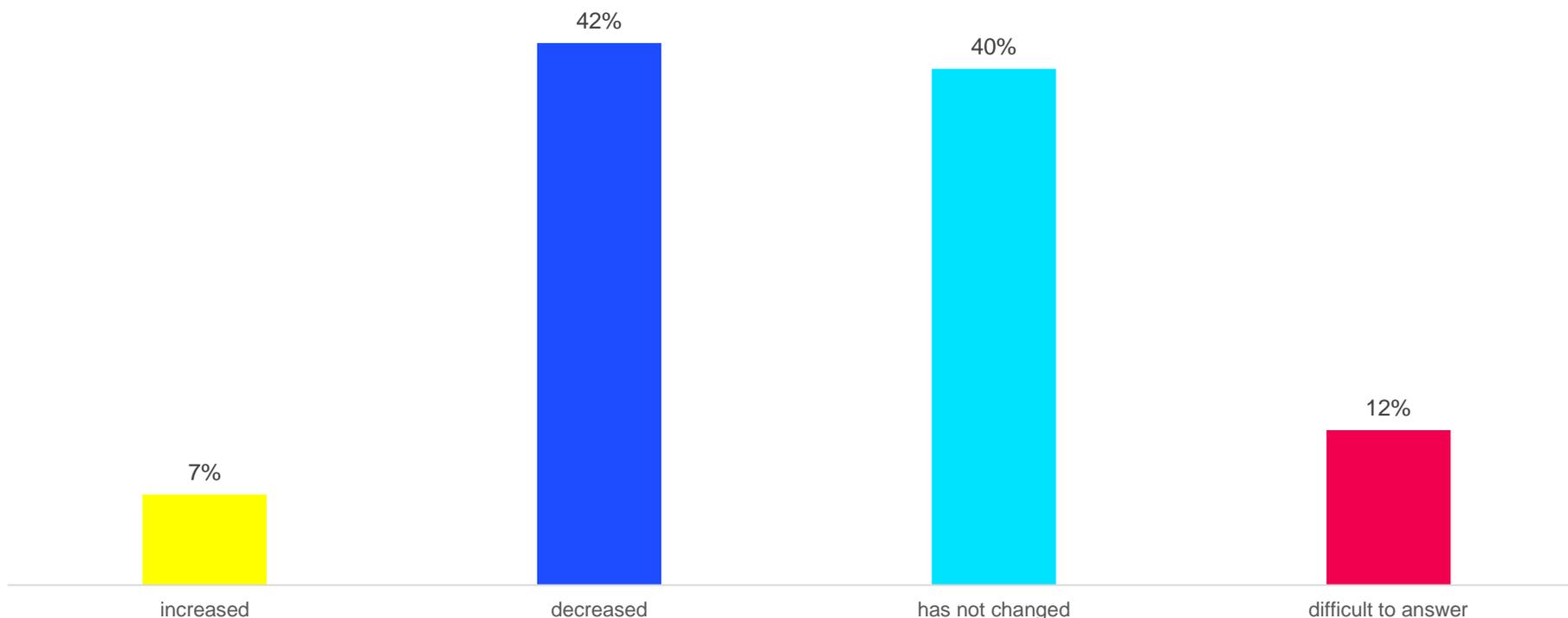
● What additional measures did you have to take to support your business compared to the previous period?

The vast majority (72%) of advertising agencies and platforms no longer take any additional measures to support their business. The rest are forced to reduce employees (12%), reduce bonus payments (12%) and abandon a rented office (14%)



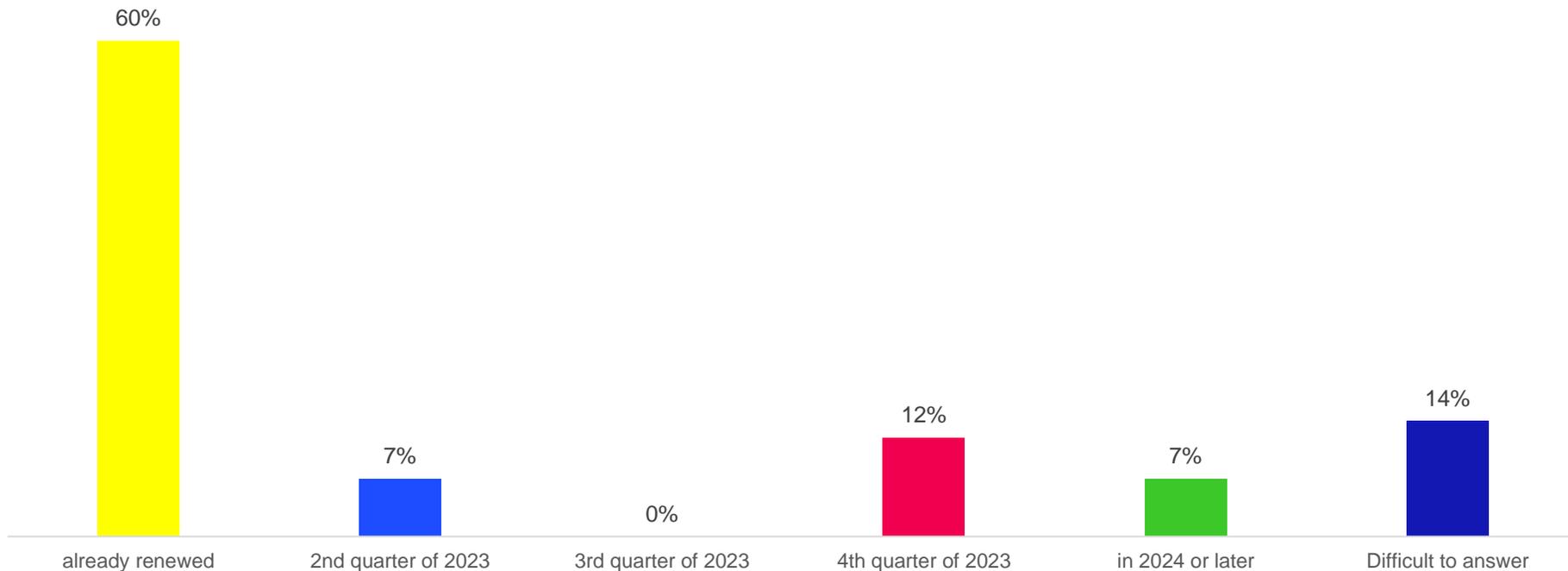
- In my opinion, in January-March 2023, relative to February-December 2022, my company needs to take cost-saving measures:

Opinions regarding the need to take cost-saving measures in January-March 2023 relative to December 2022 were divided: 42% of surveyed agencies and platforms noted a decrease in such need, 40% reported that the need to save has not changed. In 7% of respondents, the need to save has increased.



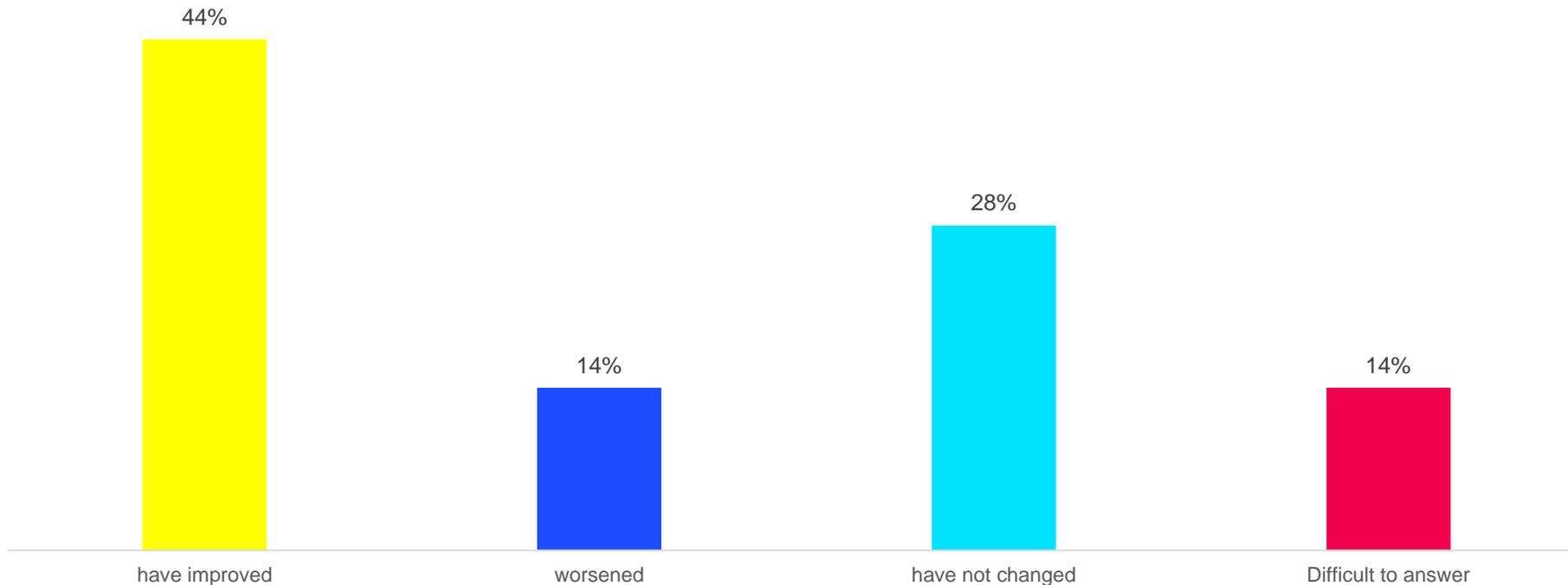
- According to your expectations, when will the renewal of advertising activity of your company take place?

The vast majority (60%) of advertising agencies and platforms report that they have already resumed advertising activity in full.



- In my opinion, my company's expectations of the state of the Ukrainian economy from the 1st quarter of 2023 to February-December 2022

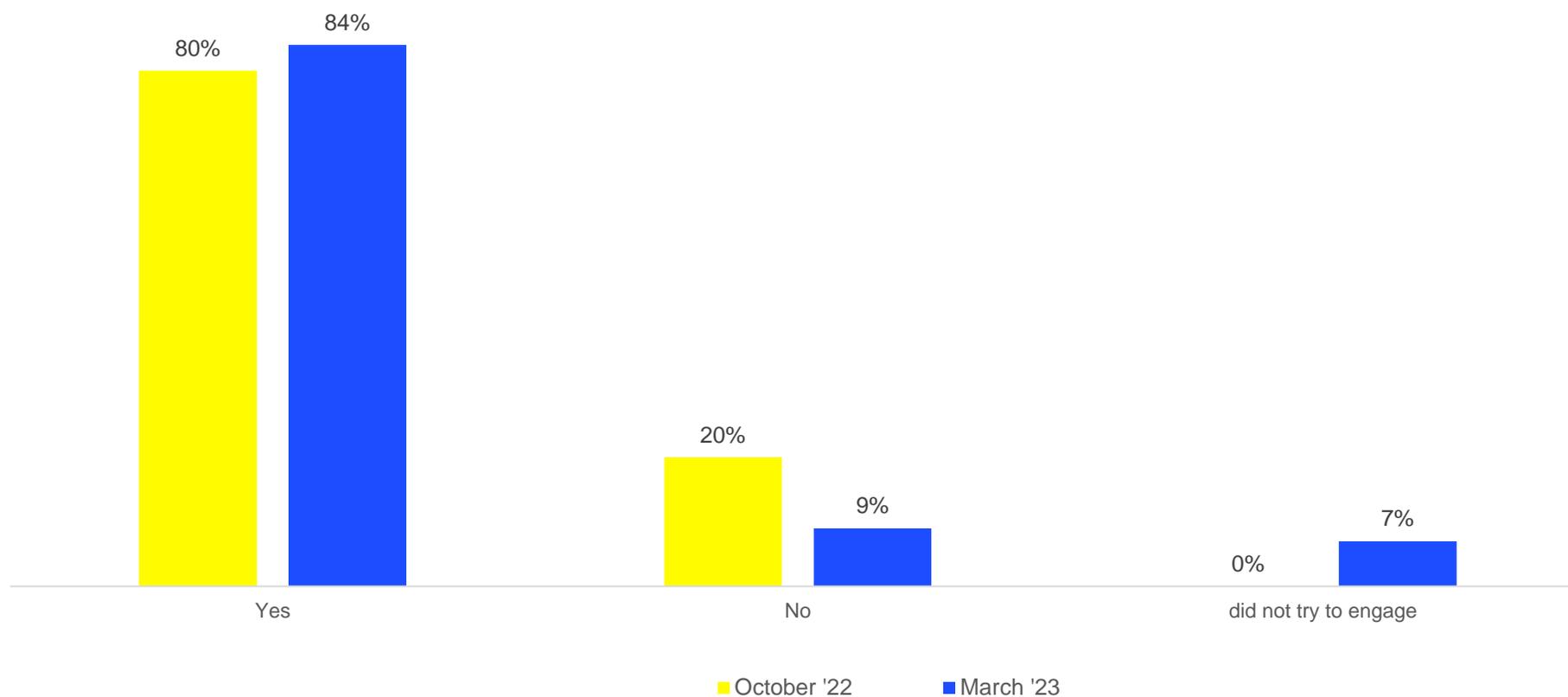
In 44% of surveyed agencies and platforms, expectations regarding the state of Ukraine's economy have improved, in 28% they have not changed, in 14% they have worsened



● Did you succeed to engage foreign clients after 24.02.?

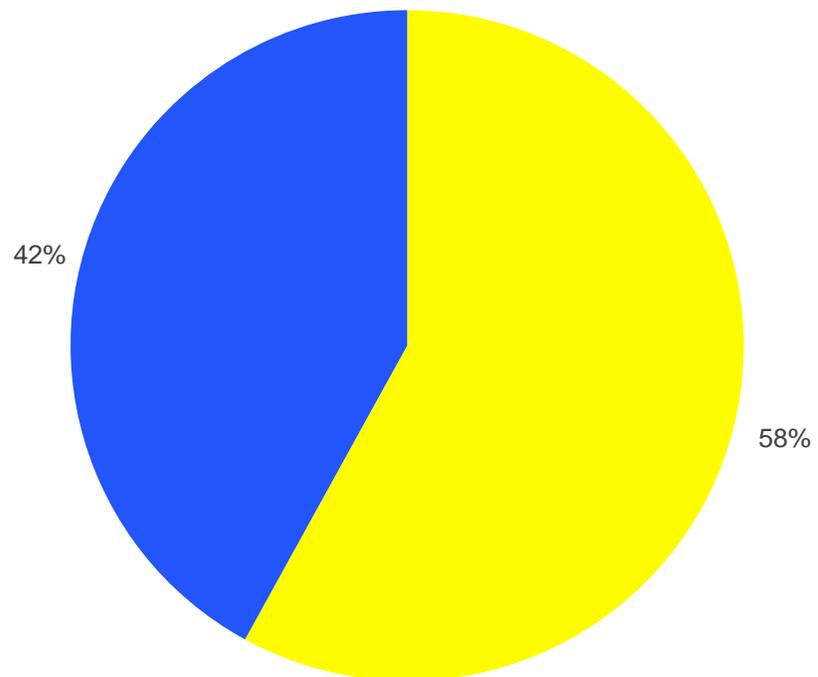
Positive dynamics in cooperation with foreign clients is maintained - 84% in March 2023 compared to 80% in October 2022.

7% of respondents did not try to attract foreign customers



● You managed to attract foreign clients:

Among the participants who managed to attract foreign clients, 58% of those who attracted a client for systematic cooperation.

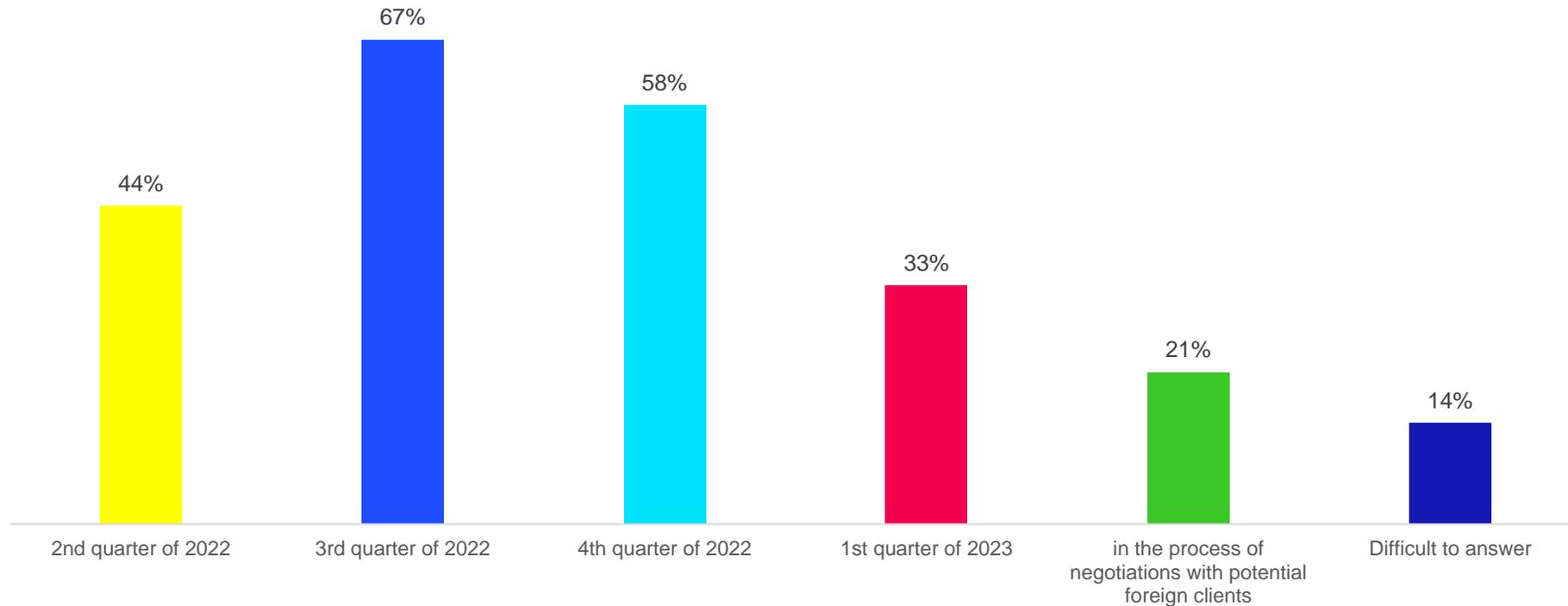


■ managed to attract the client systematically

■ managed to engage the client once

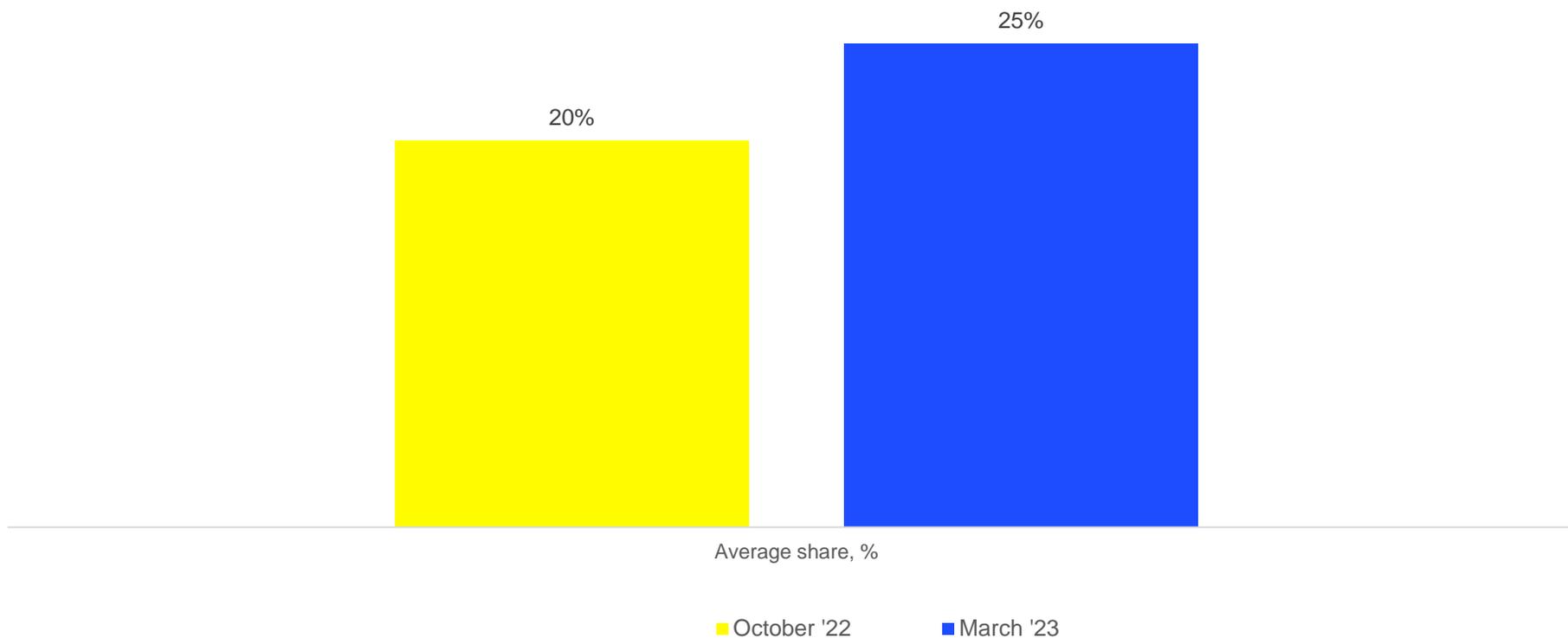
- If you succeed to engage foreign clients after 24.02, indicate in which months it happened

The most successful periods for attracting foreign clients among the surveyed agencies and platforms were the end of 2022. The first quarter of 2023 brought 33% of surveyed cooperation agreements with foreign clients. 21% are actively negotiating cooperation.



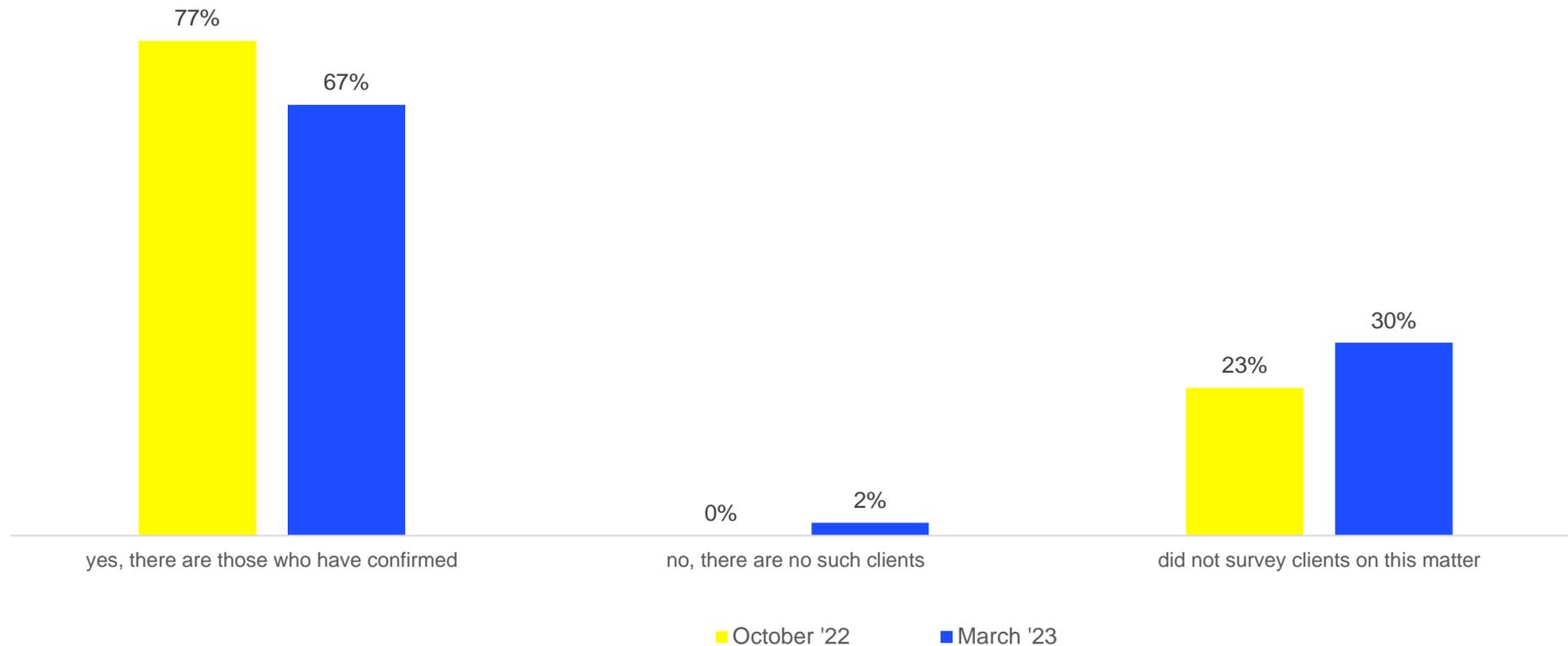
● What is the share of budgets accounted for your foreign clients?

In March, there was an increase in the average share of budgets of foreign clients among the surveyed agencies and platforms



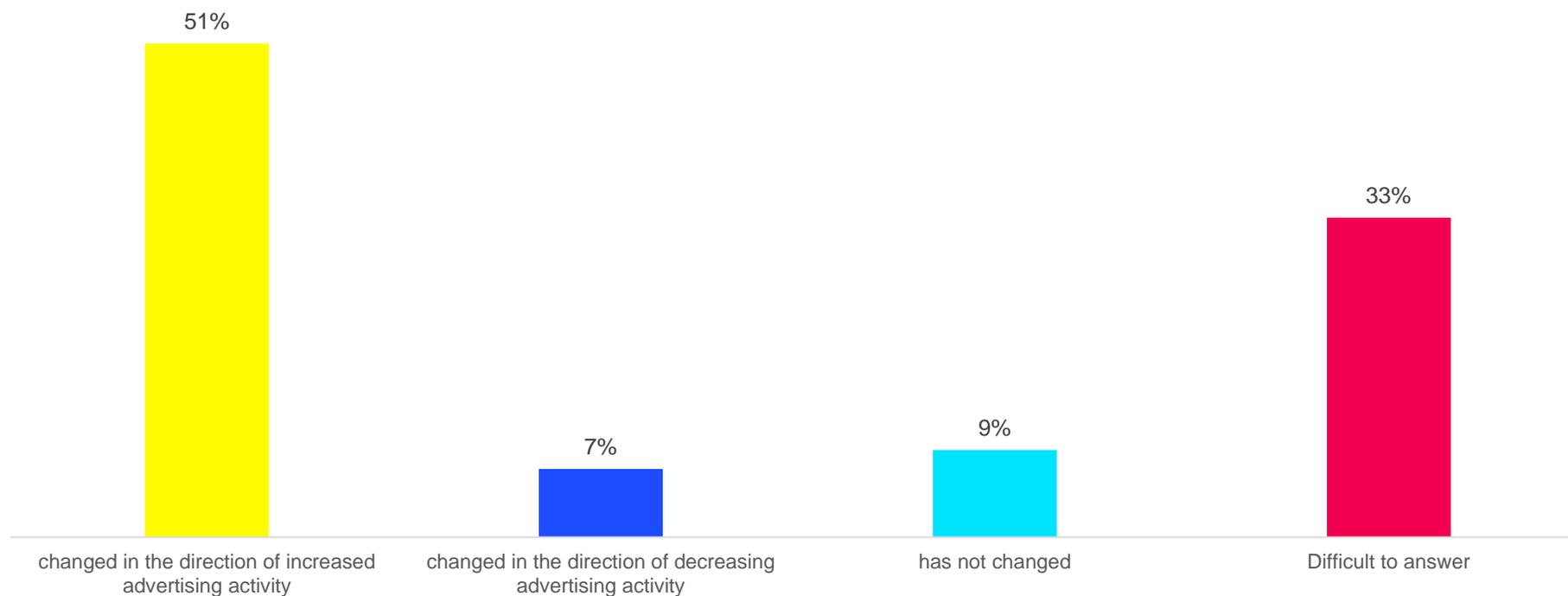
- Are there any of your clients who have confirmed their readiness for advertising and commercial activity despite active hostilities or deterioration of the military situation?

In the first quarter of 2023, relative to the 4th quarter of 2022, we record a 10% decrease in the number of clients who are ready to conduct commercial advertising activity despite active hostilities or the deterioration of the state of war in Ukraine.



● Has this position changed in 2023 compared to February 2022?

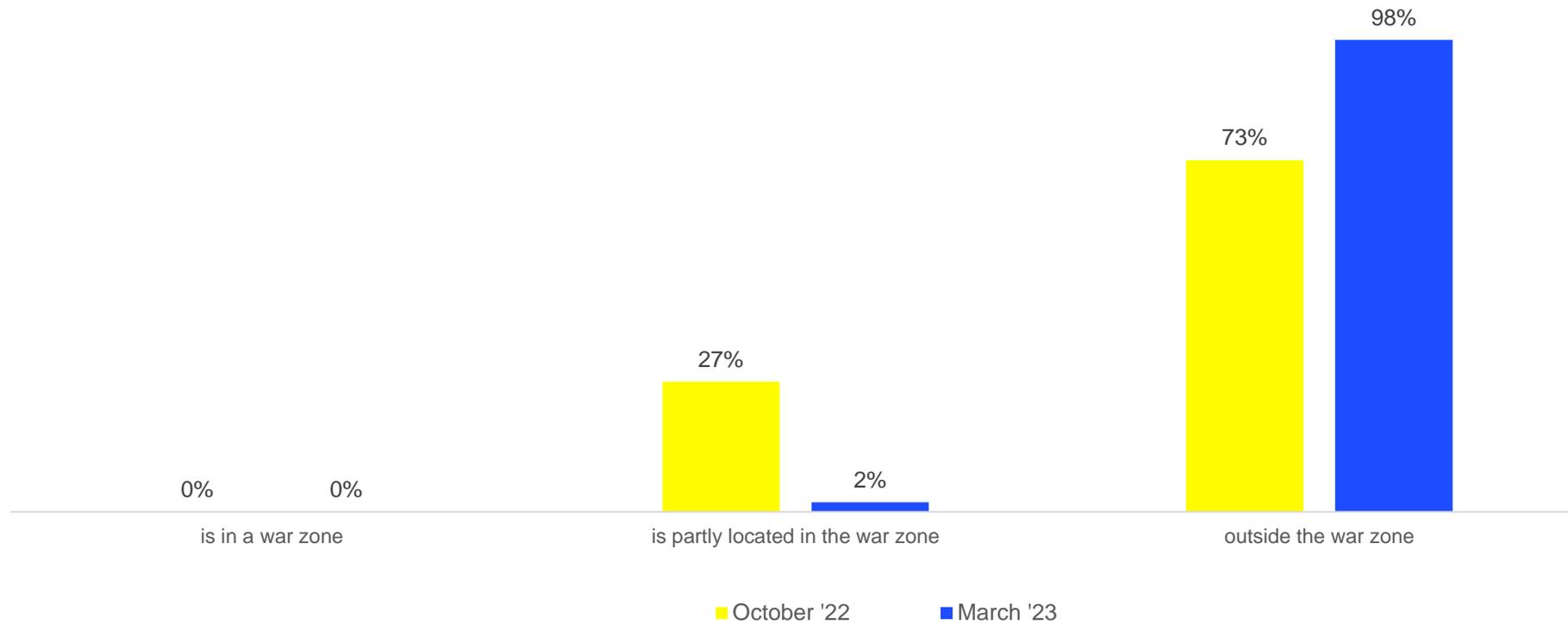
51% of agencies and platforms note that their clients have changed their position regarding active commercial advertising activity in the direction of increase, 7% - in the direction of decrease.



● Location of the critical infrastructure of your business

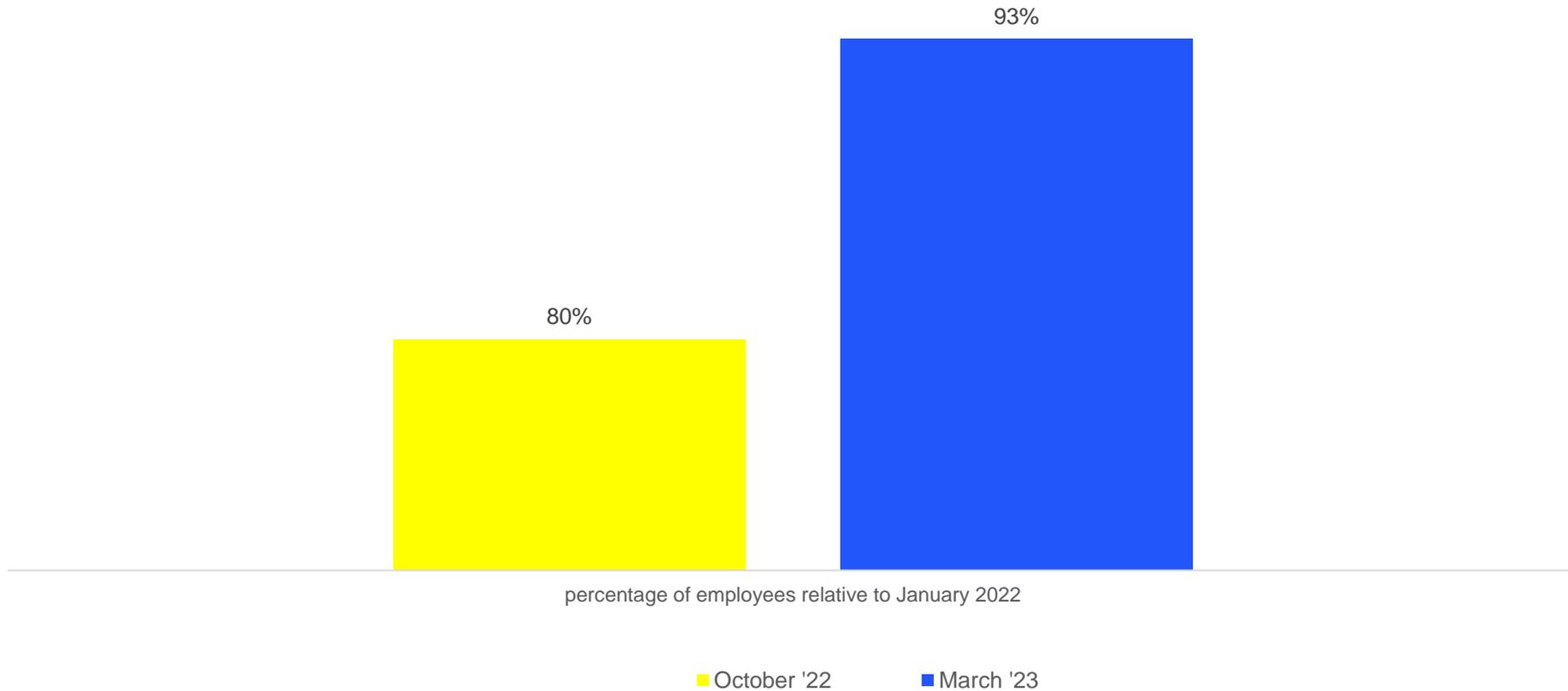
As of the end of March 2023, there is not a single advertising agency or platform whose critical infrastructure is in a war zone.

98% of respondents say that their critical infrastructure is outside the war zone



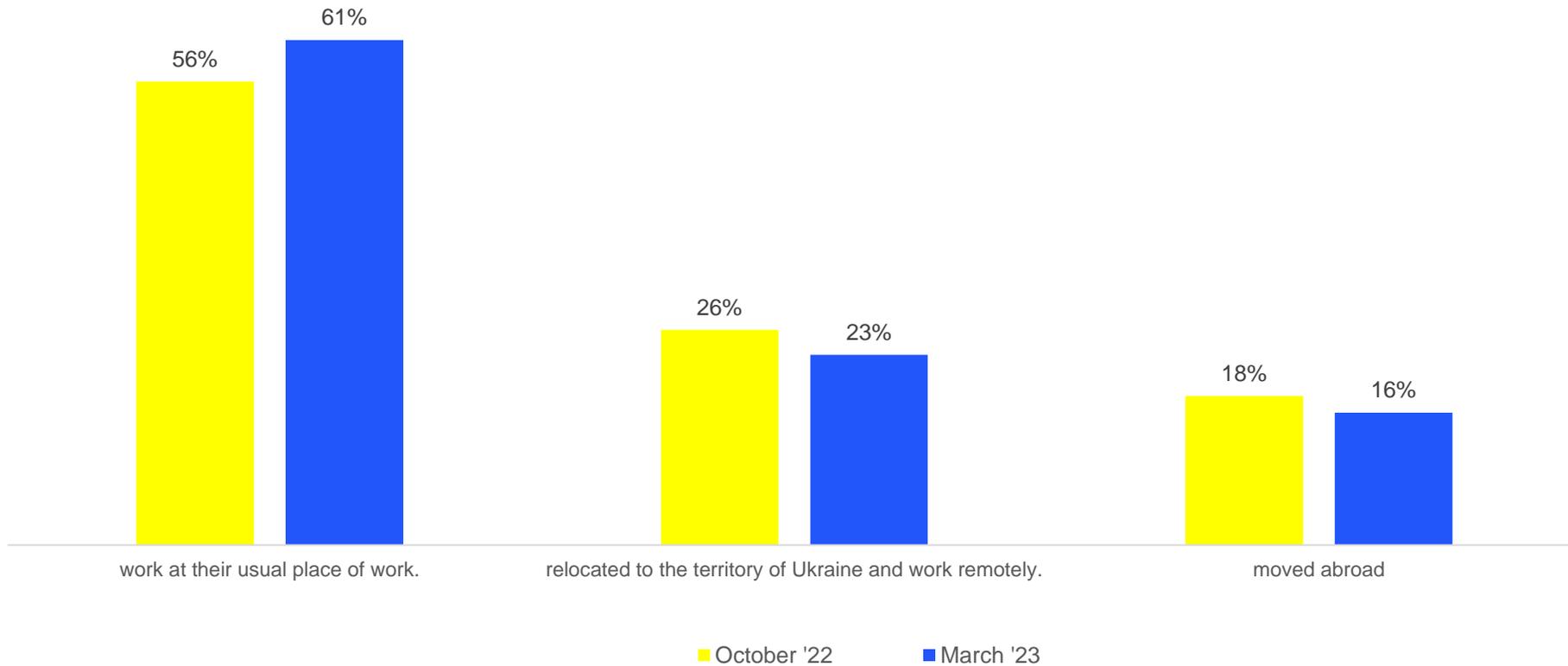
- Indicate percentage of your company's personnel regarding to January 2022

In the period October 2022 - March 2023, we record an increase in the number of employees up to 93% compared to January 2022.



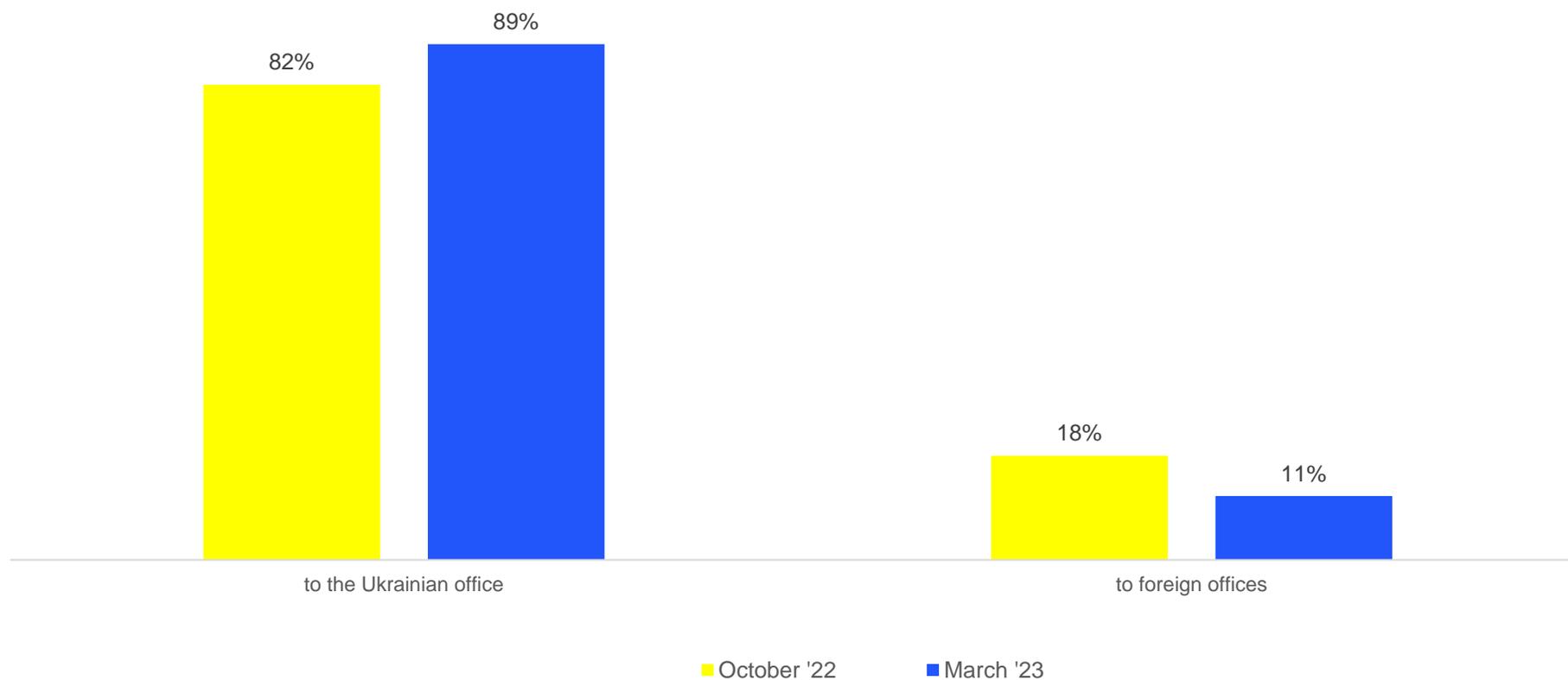
- Indicate the percentage of employees at the place of work since 24.02

The distribution of employees' workplaces remains almost unchanged - the vast majority work at their usual place of work (61%), 23% - moved to the territory of Ukraine and work remotely, and 16% moved abroad and work from there.



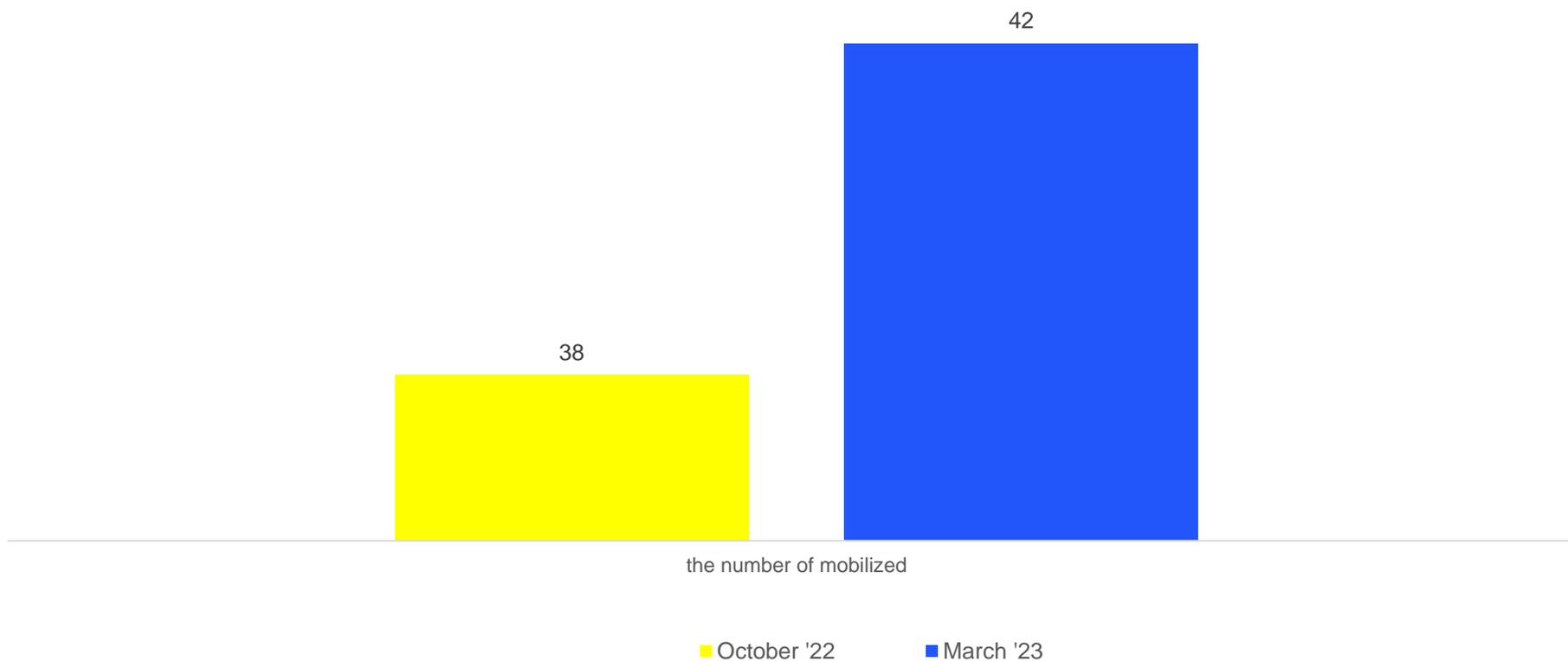
- Indicate the percentage of employees of your company who work in Ukrainian and foreign offices

The percentage of employees working for the Ukrainian office among the surveyed agencies and platforms increased slightly



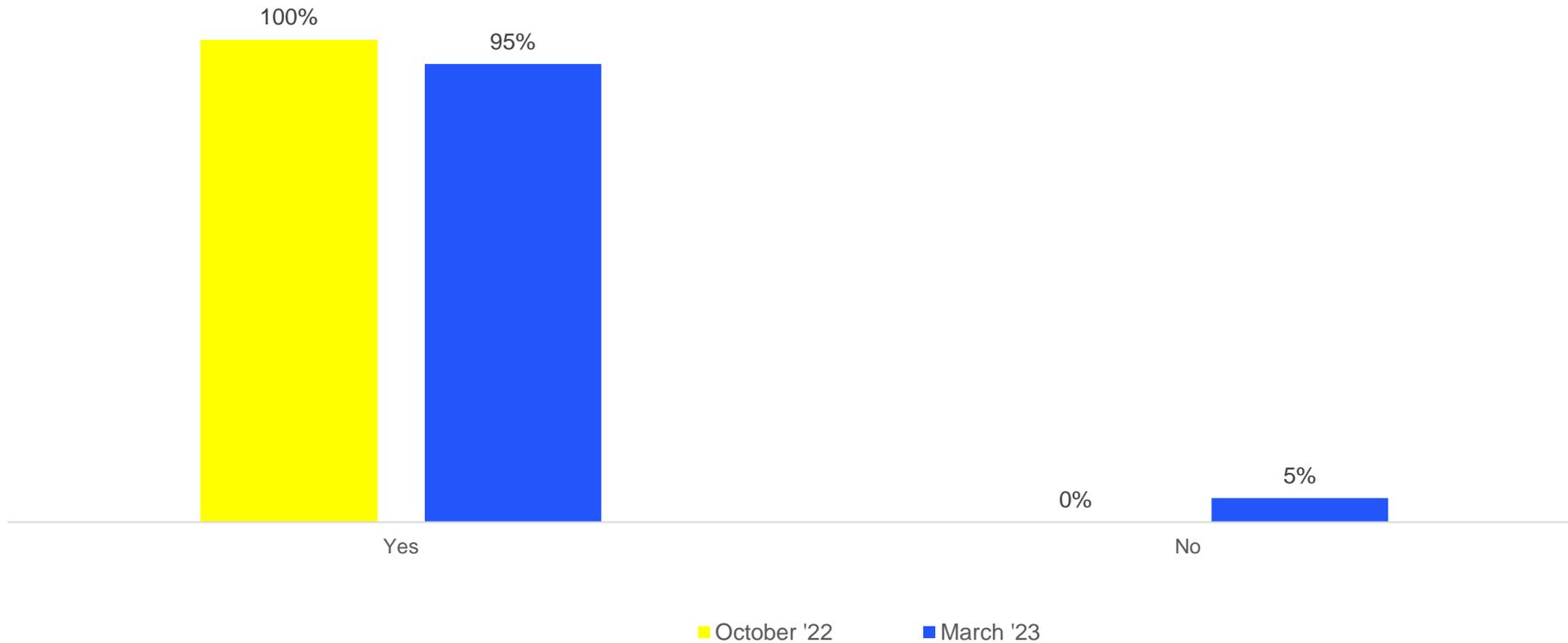
● The number of workers who were mobilized

As of the end of March 2023, among advertising agencies and platforms, 42 people have been mobilized to the ranks of the Armed Forces



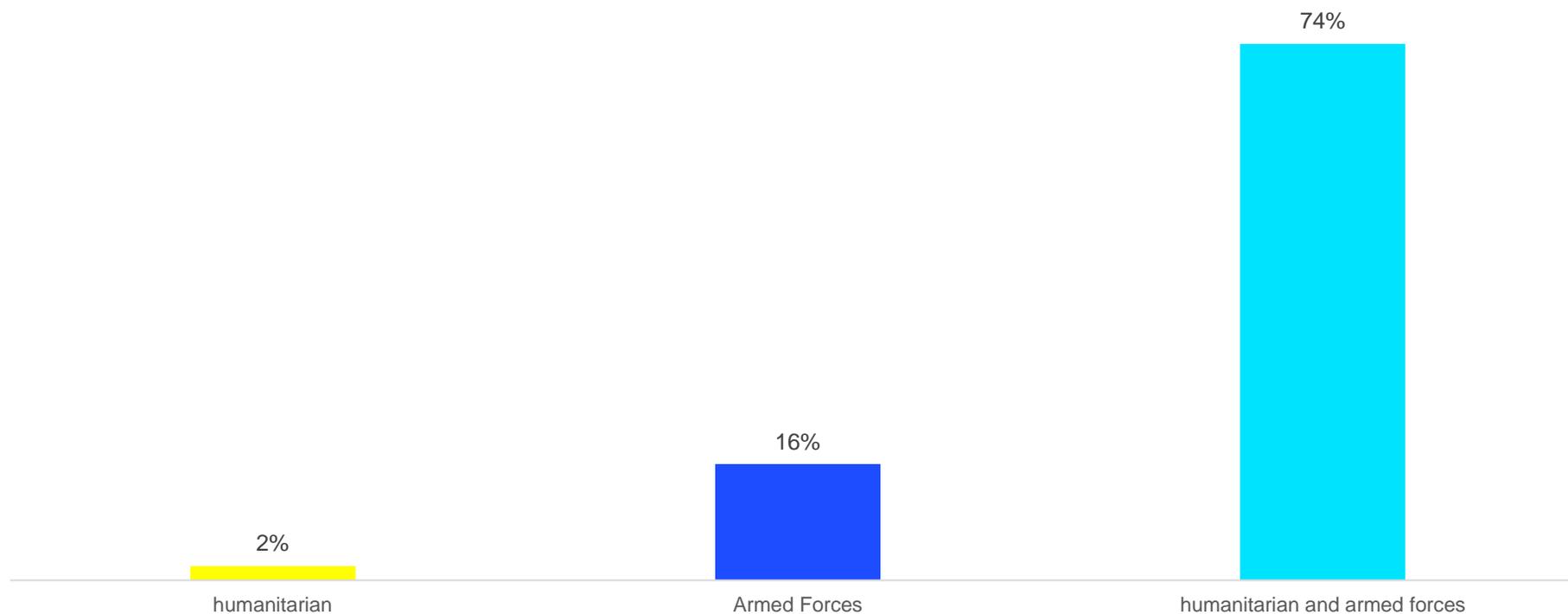
● Does your organization participate in charitable initiatives to support humanitarian activities or the armed forces?

Almost all (95%) surveyed agencies and platforms are involved in charitable initiatives in support of humanitarian activities or armed forces.



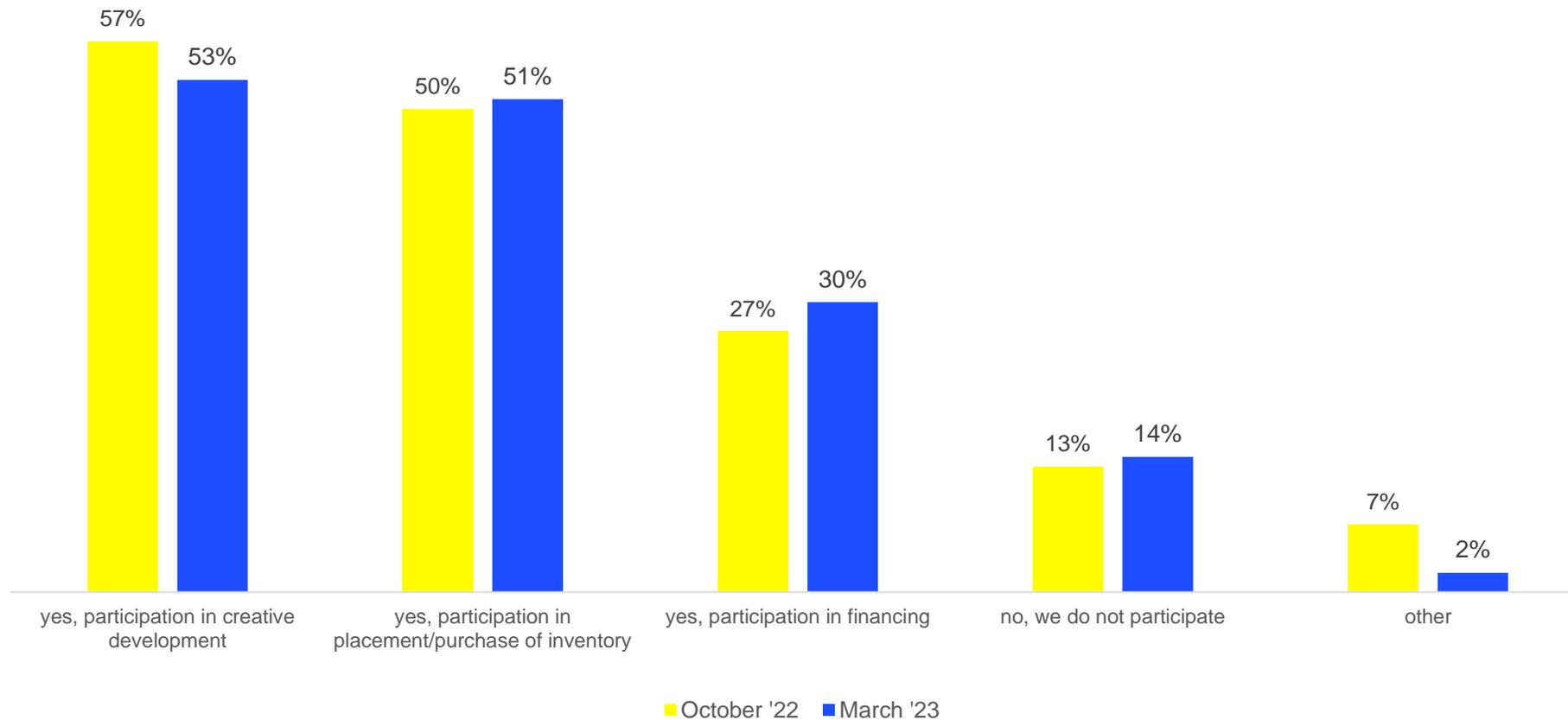
● Detail the areas of your involvement in charitable initiatives

Among the directions of charitable support, agencies and platforms do not single out one, but simultaneously help the Armed Forces and in the humanitarian direction.



● Does your organization participate in information campaigns both in Ukraine and abroad in support of Ukraine?

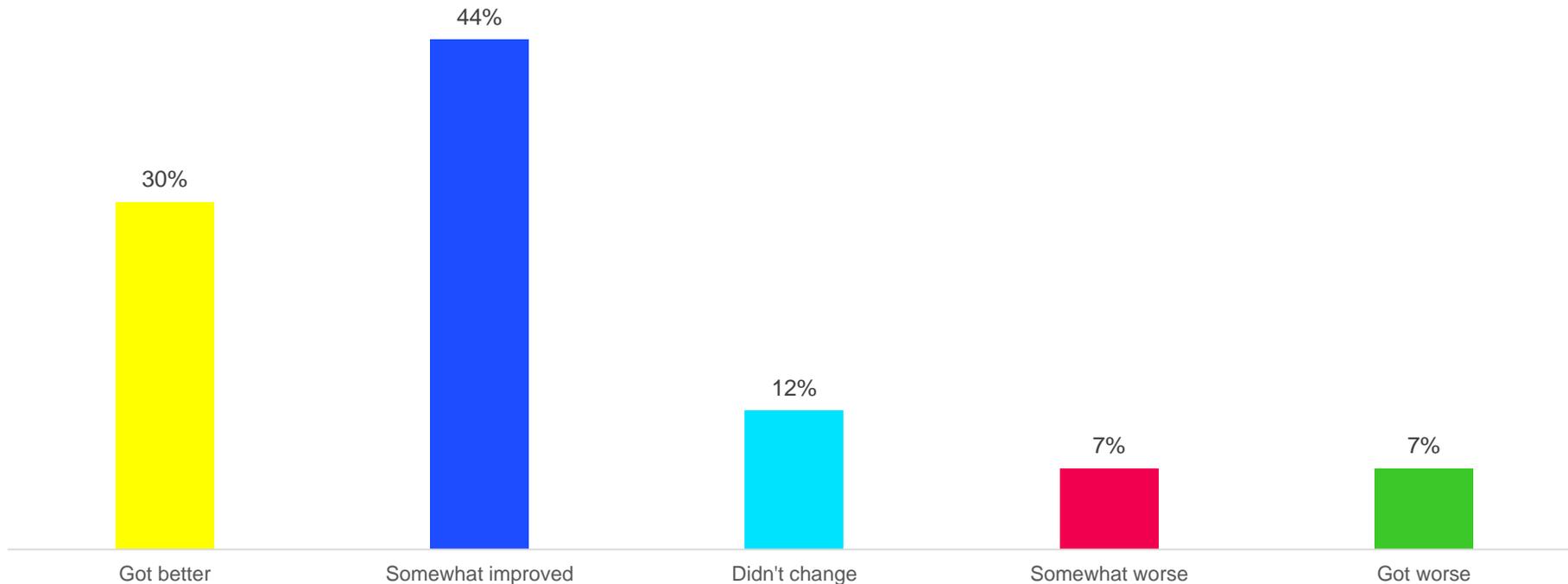
Among the areas of information assistance, advertising agencies and platforms in the first quarter of 2023 are actively involved in creative development (53%), placement/purchase of inventory (51%) and financing (30%). 14% of respondents do not participate in information campaigns.



● How would you rate the current state of your company's business in 1st quarter of 2023 relative to February-December 2022?

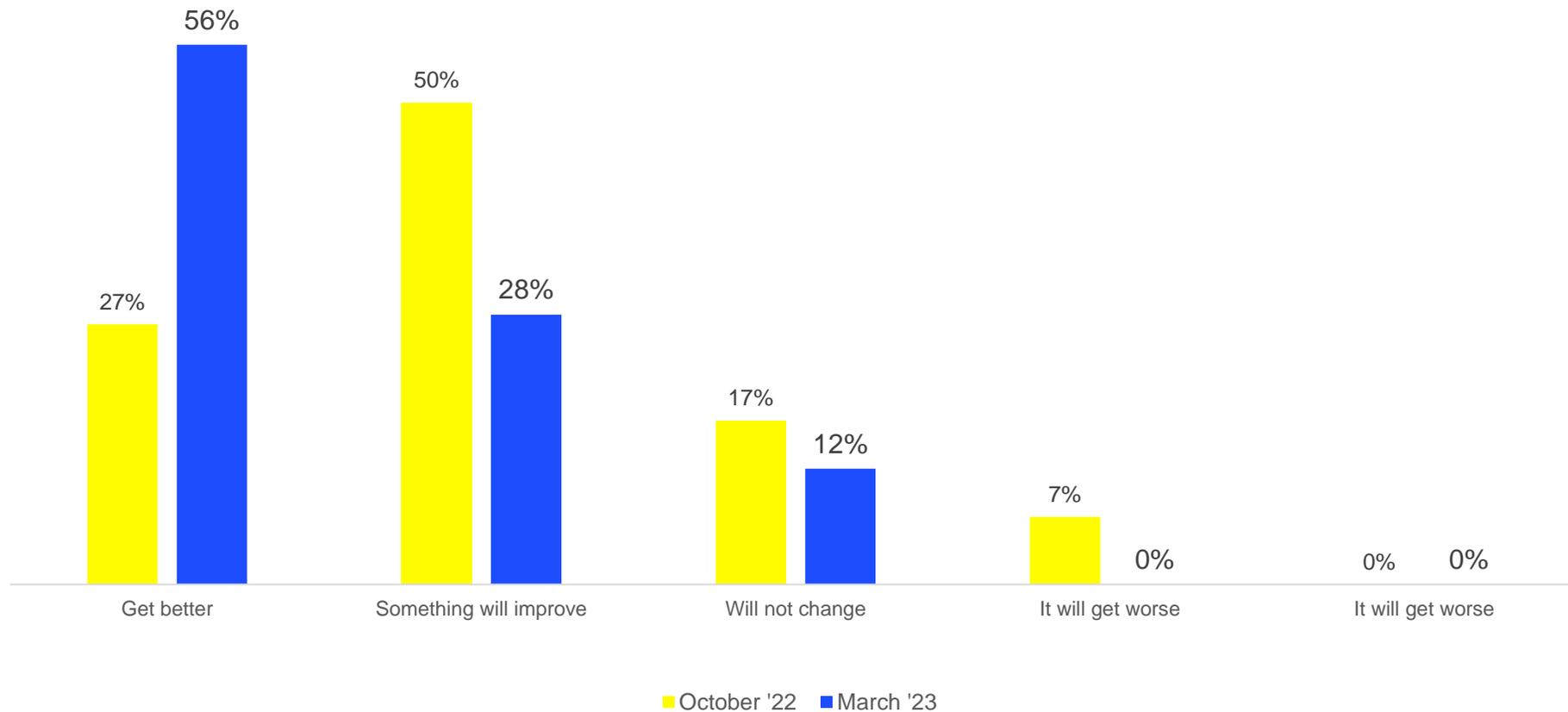
44% of respondents report a partial improvement in the state of the company's business in the 1st quarter of 2023 relative to February-December 2022.

A third (30%) record an improvement in the state of business.



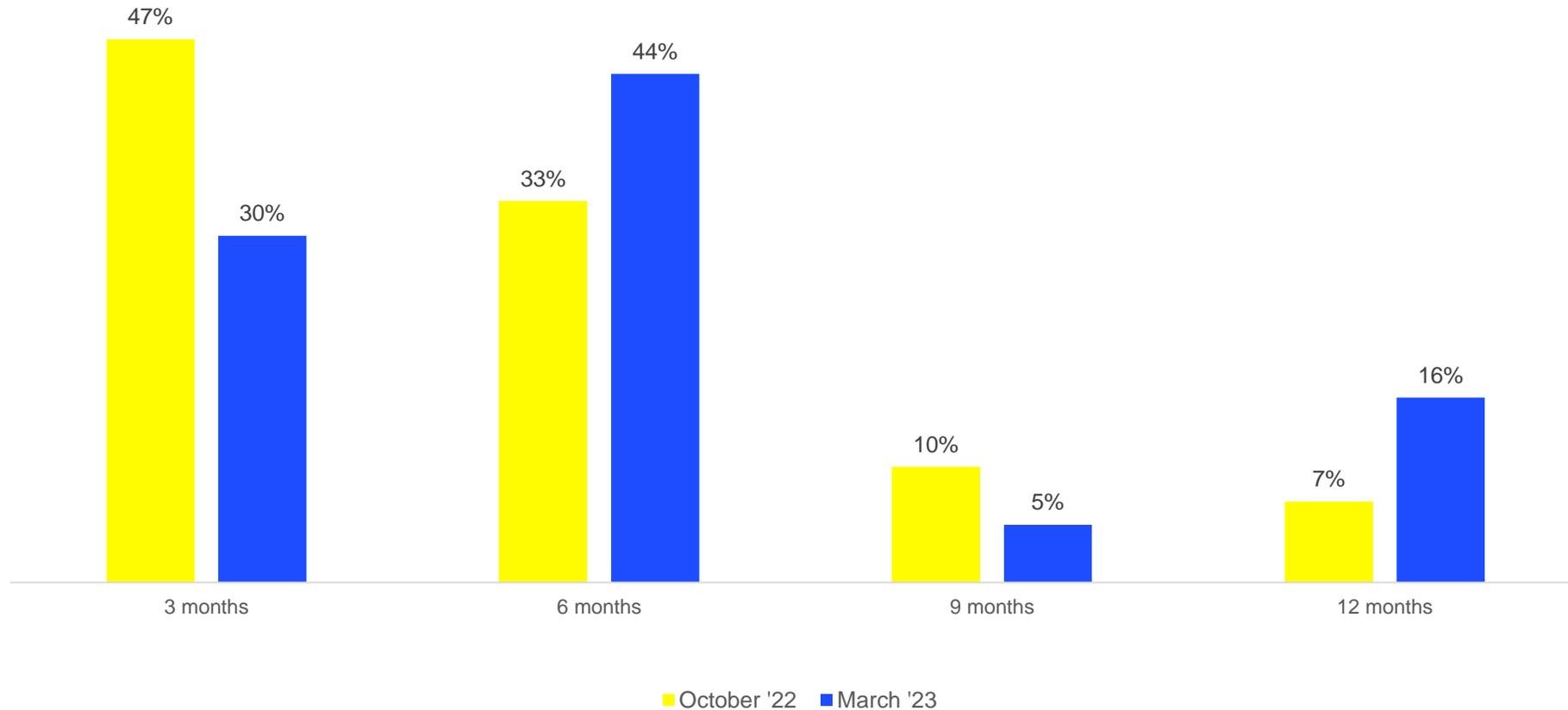
● I expect that the current state of my company's business in the next quarter of 2023...

The vast majority (84%) are optimistic and expect an improvement or partial improvement in their company's business. No pessimistic attitudes were found among those interviewed on this issue.



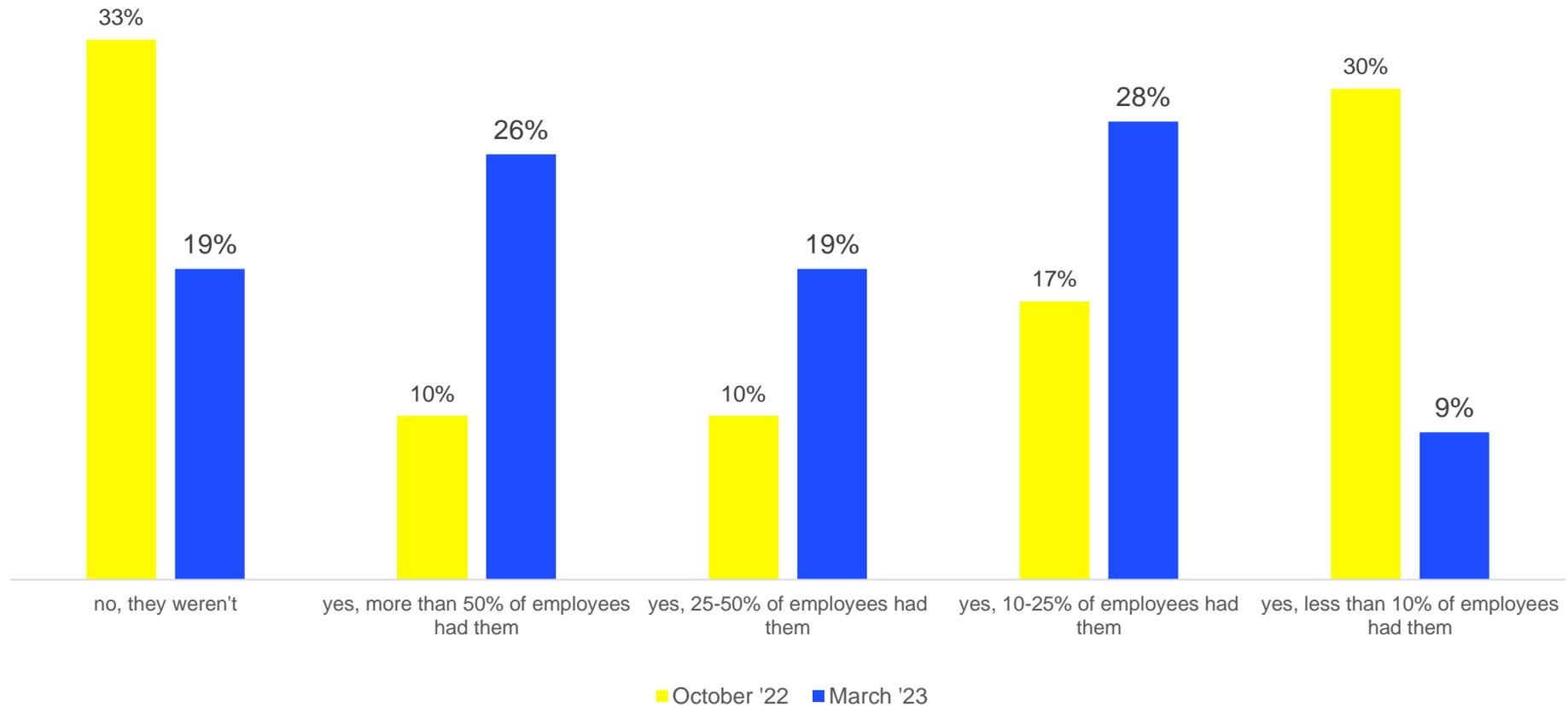
- I expect that the current state of my company's business will improve in the event of a cessation of hostilities

In the event of a cessation of hostilities, the majority (74%) of advertising agencies and platforms expect the company's condition to improve within 3-6 months.



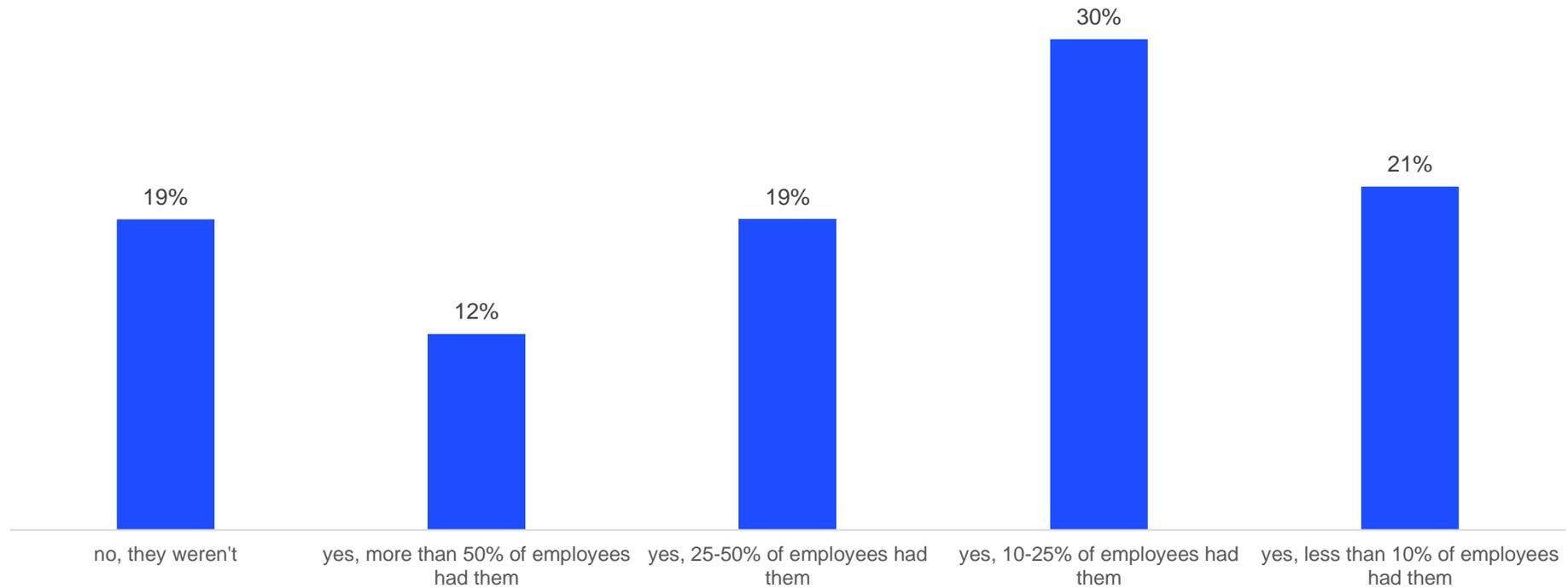
● Did your company have any upward revisions of salaries for individual positions during 2022?

81% of surveyed agencies and platforms report that during 2022 there were facts of revision of salaries in a larger direction: 26% of respondents revised the salary of 50%+ of employees.



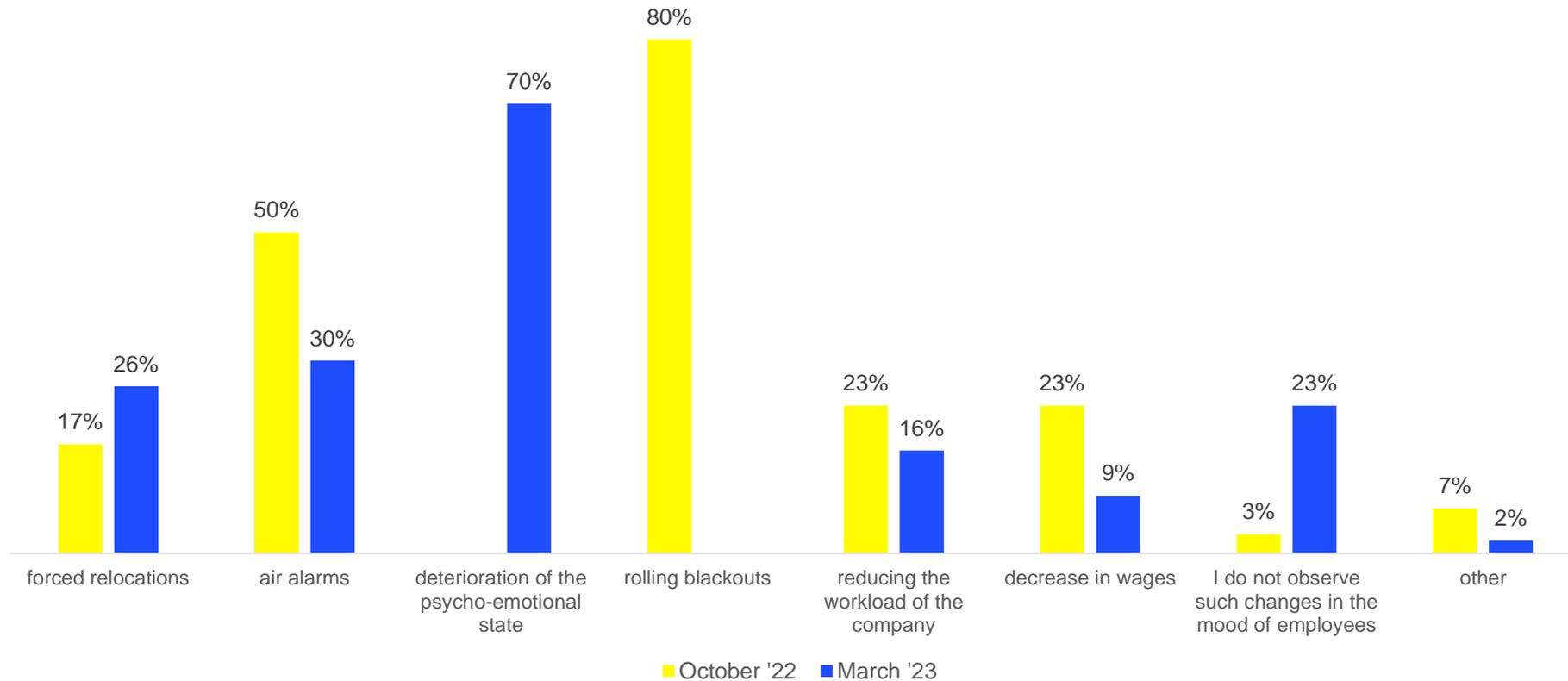
- Did your company have any upward revision of salaries for individual positions in the 1st quarter of 2023?

In the first quarter of 2023, 81% of respondents also report an upward revision of wages.



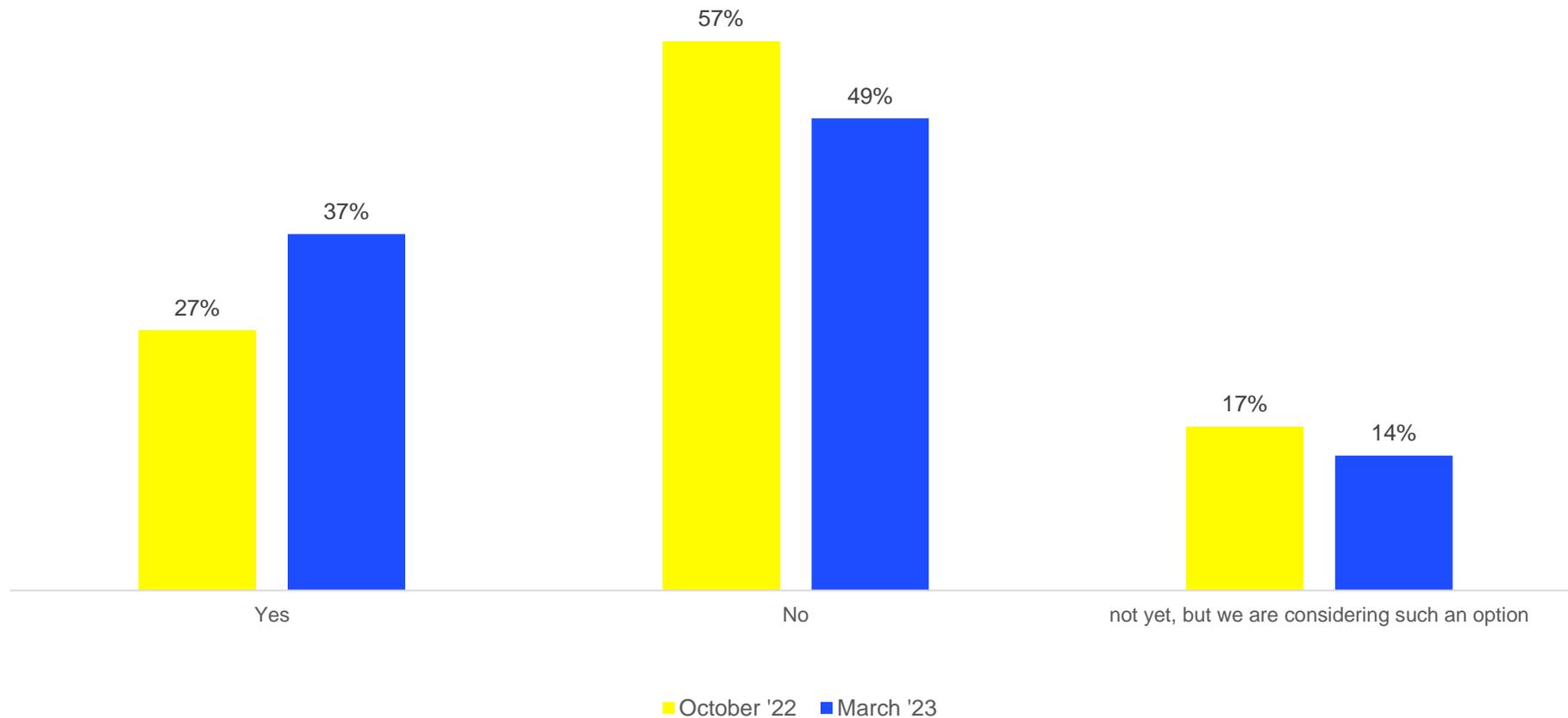
● Do you observe a decrease in the level of productivity and motivation of your employees? If the answer is yes, then what is the background of such changes?

The greatest impact on the productivity and motivation of employees of advertising agencies and platforms is caused by: deterioration of the psycho-emotional state (70%), air alarms (30%) and forced relocations (26%)



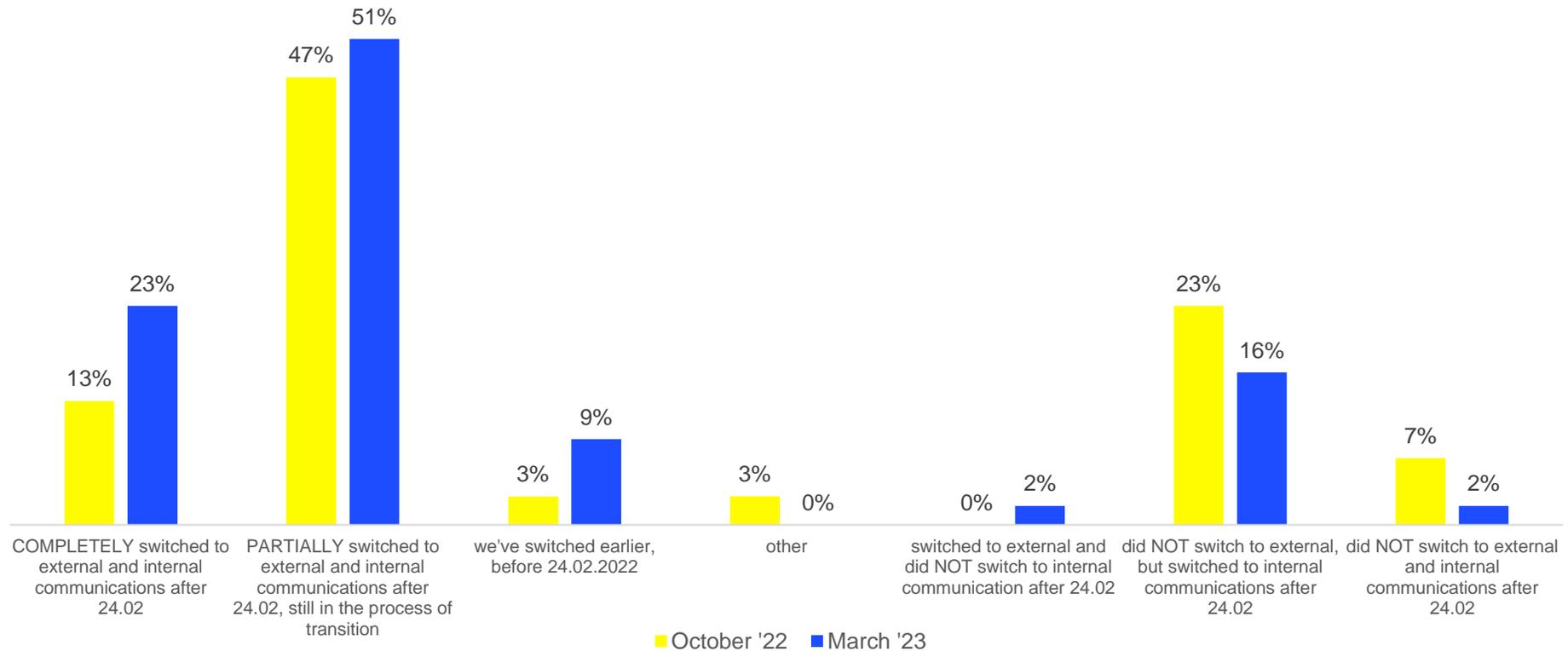
● Have you engaged professional psychological assistance for employees at your company?

Half (49%) of the surveyed agencies and platforms did not seek professional psychological help for employees. 37% involved professional psychological help



● Did your company switch to the Ukrainian language during 2022?

The vast majority (74%) of agencies and platforms switched completely to the Ukrainian language in both external and internal communications after February 24, 2022 or earlier.



● Your management conclusions regarding business operations during 2022?

- We survived, adapted and worked from the subway, from gas stations, but we worked. We understand that there is a factor that is simply "trindets", which is stressful, and we as a business survive, but we not only survived, but these were jobs, salaries, support of the Armed Forces, and this united people. But I lived with plans for a week or two, and when I heard about monthly planning, my brain simply floated, because the level of uncertainty is high, but in a short cycle, we quickly adapted, moved quickly, and this helped us.
- Don't stop
- It was difficult, interesting, but we managed it and confidently entered 2023
- Culture is the main thing
- We are not experiencing a crisis for the first time, although, of course, there has never been such a scale. I hope we will survive this one too. We managed to keep most of the team thanks to flexible solutions and open dialogue and overall adequacy of the team. You have to believe in the best, but be mentally prepared for any scenario.
- Considering the fact that the majority of customers were foreign, perhaps the war in general contributed to the recession in the world and the USA, and this had a greater impact on business. But the fate of the Ukrainian sector suffered a lot, because the big brands and publishers we work with lost a large share of the audience and were forced to look for additional ways of earning, as well as cutting costs.
- A cohesive team passes tests better.

● Your management conclusions regarding business operations during 2022?

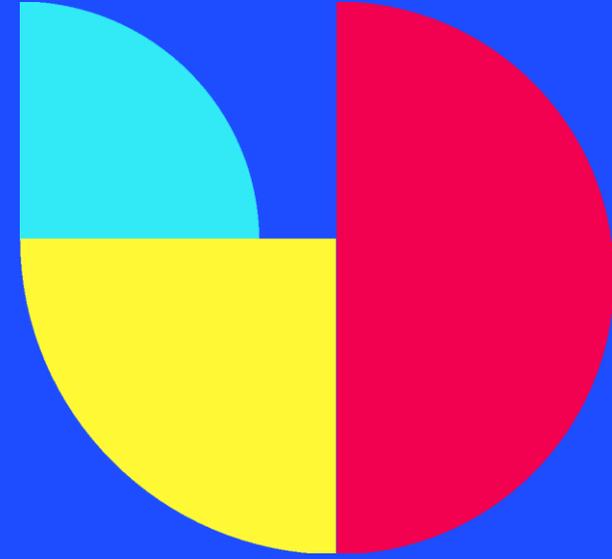
- Unfortunately, Ukrainian customers will not be able to fully resume work in the near future. Our focus on foreign clients fundamentally enables us to balance activities and assets, but even foreign clients are very reluctant to entrust large projects to Ukrainian companies. A significant success factor in our case is that even before the war we actively promoted our foreign offices and conducted operational activities with such clients precisely through them. At the same time, the main pool of our developers is located in Ukraine.
- Development of a flexible management and work system, strong team support, development of psychological adaptability, "work, work, work" and social activity
- Diversification into the foreign market.
- it was ***censored*** what an interesting experience....
- not done enough
- the conclusions are the same:
flexibility in relation to external circumstances. Solving clients' tasks regardless of familiar data - annual planning, commitments, traditional split media for the client. It is necessary to work more quickly in view of the rapid change in circumstances.
2. flexibility of the team. There is a need to move away from a fragmented departmental structure and train people in a broader range of skills and knowledge in planning, deployment, strategy, etc.
3. quick response and proactivity. In order to offer clients solutions to current challenges, it is necessary to focus more on changing circumstances and current data than on strategic and tactical media approaches.
- we are not dead and good.

● Your management conclusions regarding business operations during 2022?

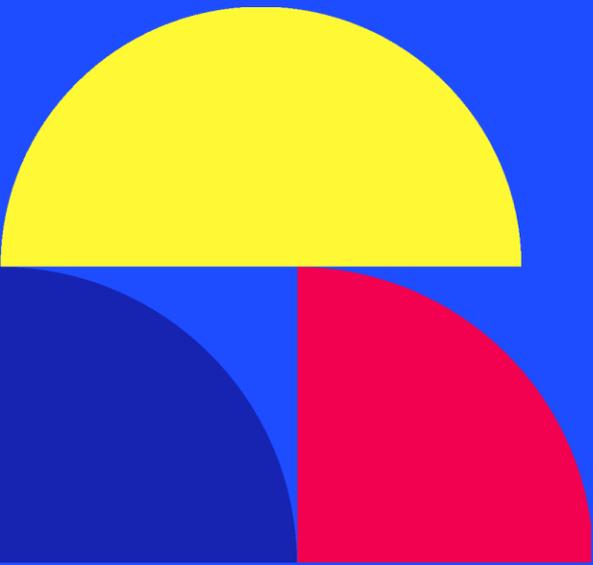
- Fight - win!
- It is more difficult to motivate a team in the current economic reality, but loyalty and retention of existing employees is a more successful strategy for further development
- I believe that almost all theses that we prepared for the previous survey remain relevant:
Prompt response to changes is a must-have of our time. Bureaucracy, procrastination with decisions is a path to decline. The management team of even large companies must now be immersed in operational activities.
2. Your team is the key to your success. The psychological state of the team is an extremely important issue that should be taken care of on an ongoing basis.
3. Readiness for almost anything. Now the business must have several anti-crisis scenarios and plans for further development at once.
4. Focus on people. In digital, more and more attention should be paid to the study of customers and their needs. If you don't understand how your consumer makes purchasing decisions, don't develop a marketing strategy for 2023.
- Do not stand on the road. walk on the road)
- Do your job well.
- The market is recovering more slowly than expected. Many processes and requirements for employees have been revised
- People and humanity are the main asset. The client must be supported in the most difficult times

● Your management conclusions regarding business operations during 2022?

- Everything can be changed if the business is small and diversified. The main task of the owner is to keep his finger on the pulse and be a leader who shows the way. Work with mentors, business psychologists and a team that shares the mission.
- More attention to employees and their support; a longer period of closing deals, a high percentage of rejections compared to the pre-war period, reorientation to new markets and customer segments, solving issues that are not directly related to the main work process but affect it.
- People who want to work and understand all the circumstances will work together with the manager to save the company and bring it to a good level as soon as possible. Will remain a team in extremely difficult conditions.
- The emotional state of employees is the main factor affecting the productivity of the company in 2022. The norm of work in the office, so that everyone does not screw themselves up at home + stricter implementation of the set plans. As a result, the emotional state of employees in 2022 is more important for achieving results than any other factors.
- The main management task for the company during 2022 was to keep the team and the agency in working mode — and we coped with this task. In addition, we managed to reach the pre-war level of profits, optimize the work of the team for the hybrid mode (office + remote work), maintain the system and structure that was built in the agency over the years until 2022. It was a challenging year, but we believe that we succeeded with this challenge worthy.
- optimization of business processes, team retention



ADVERTISERS



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

Epicenter

KAN

KAN Development

KRKA

Mastercard

mebli sale

OLX Україна

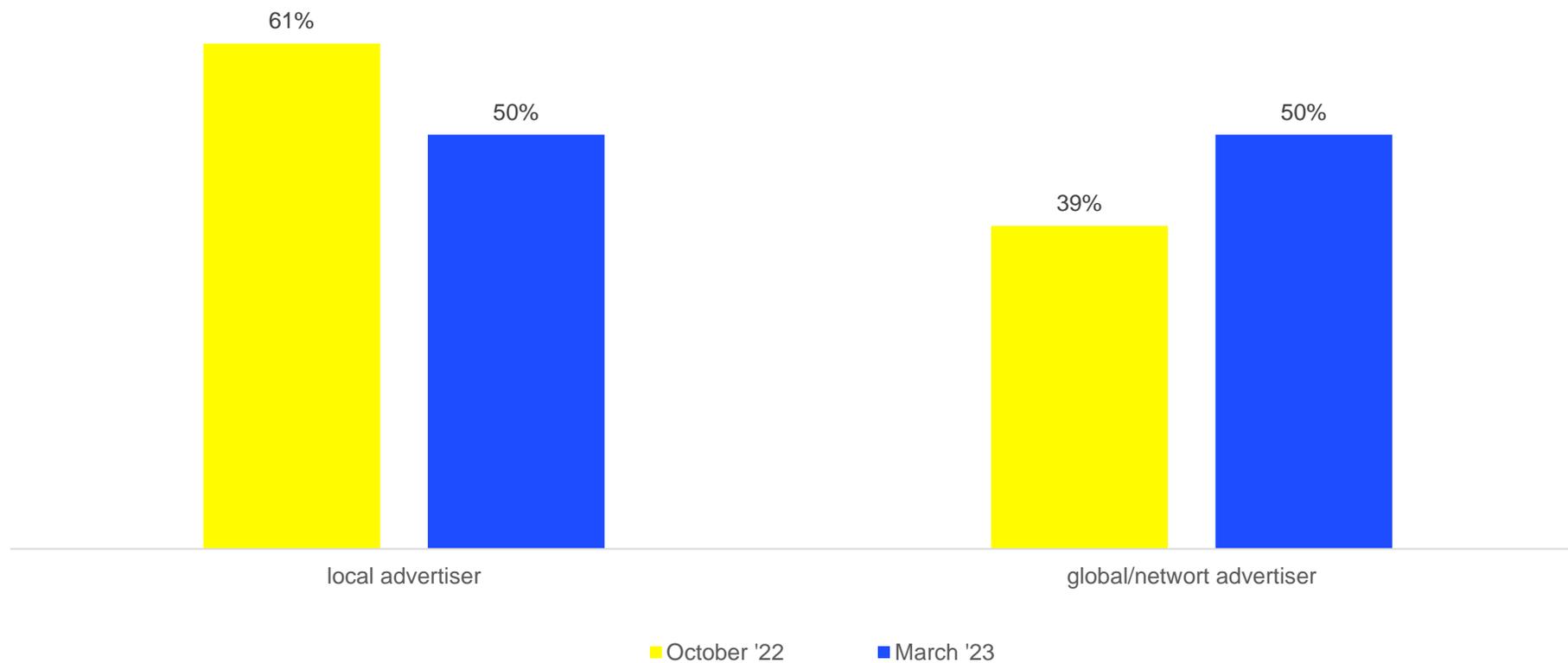
Oshchadbank

PrivatBank

Sopharma Ukraine

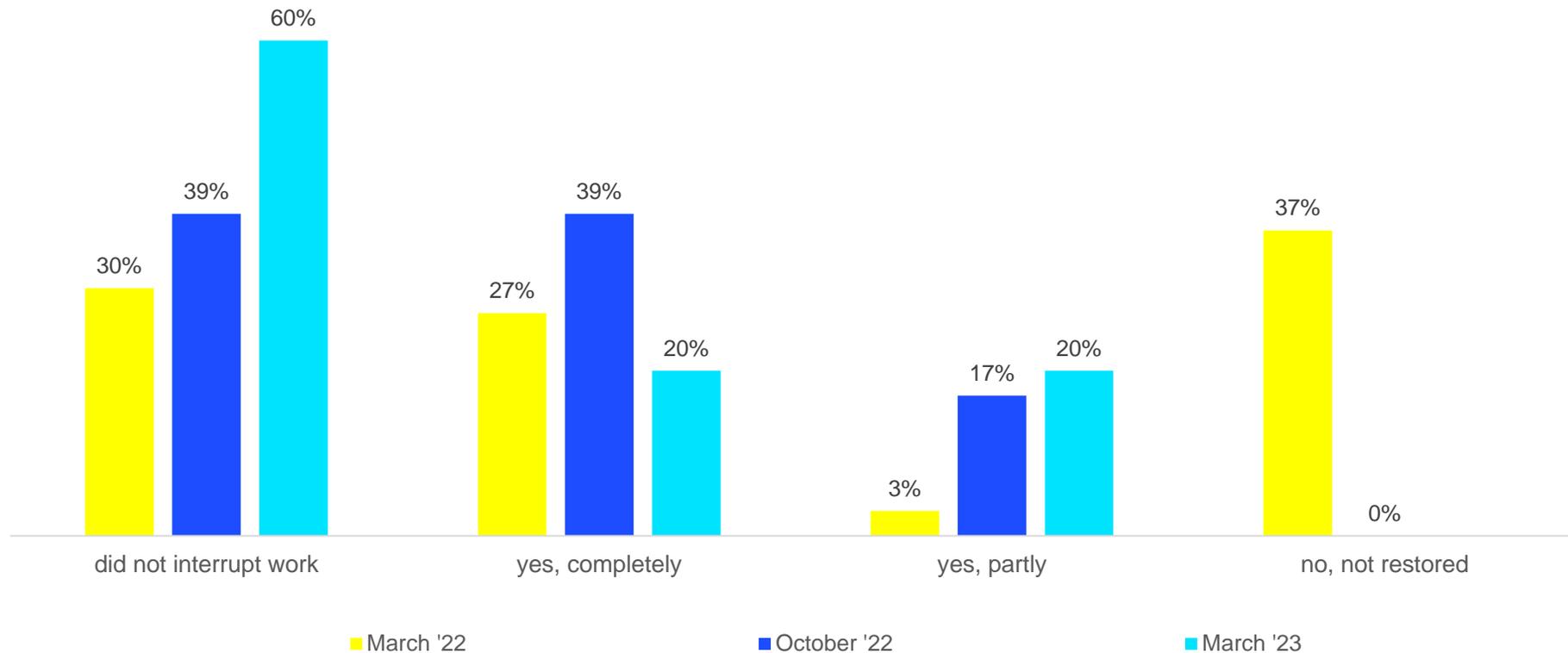
● How do you define your business?

Among the surveyed advertisers in March 2023, 50% are representatives of global/network business, 50% local.



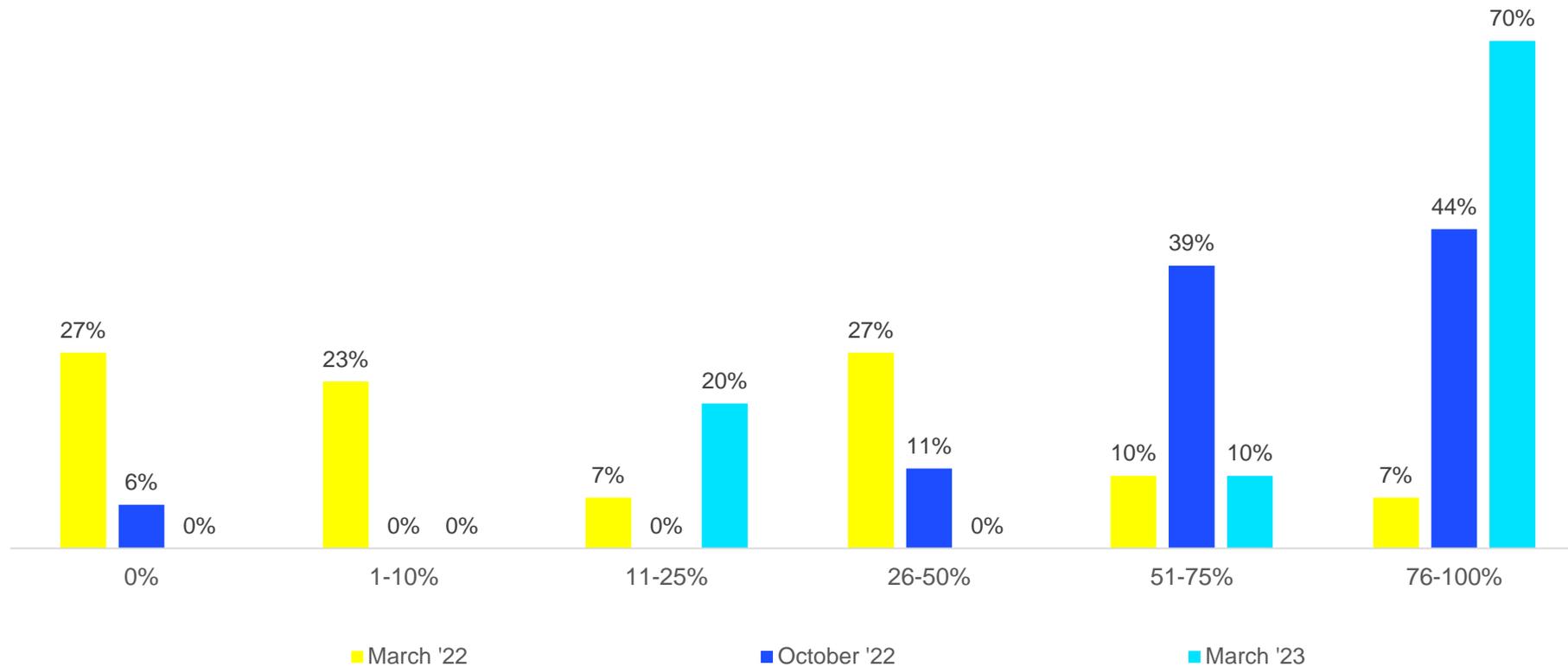
● If you interrupted the company's commercial operations after 24.02, did you resume commercial activities?

As of March 2023, there are no surveyed participants who have not resumed commercial activity. 20% of the surveyed advertisers are in the process of recovery, the rest have already resumed their activities.



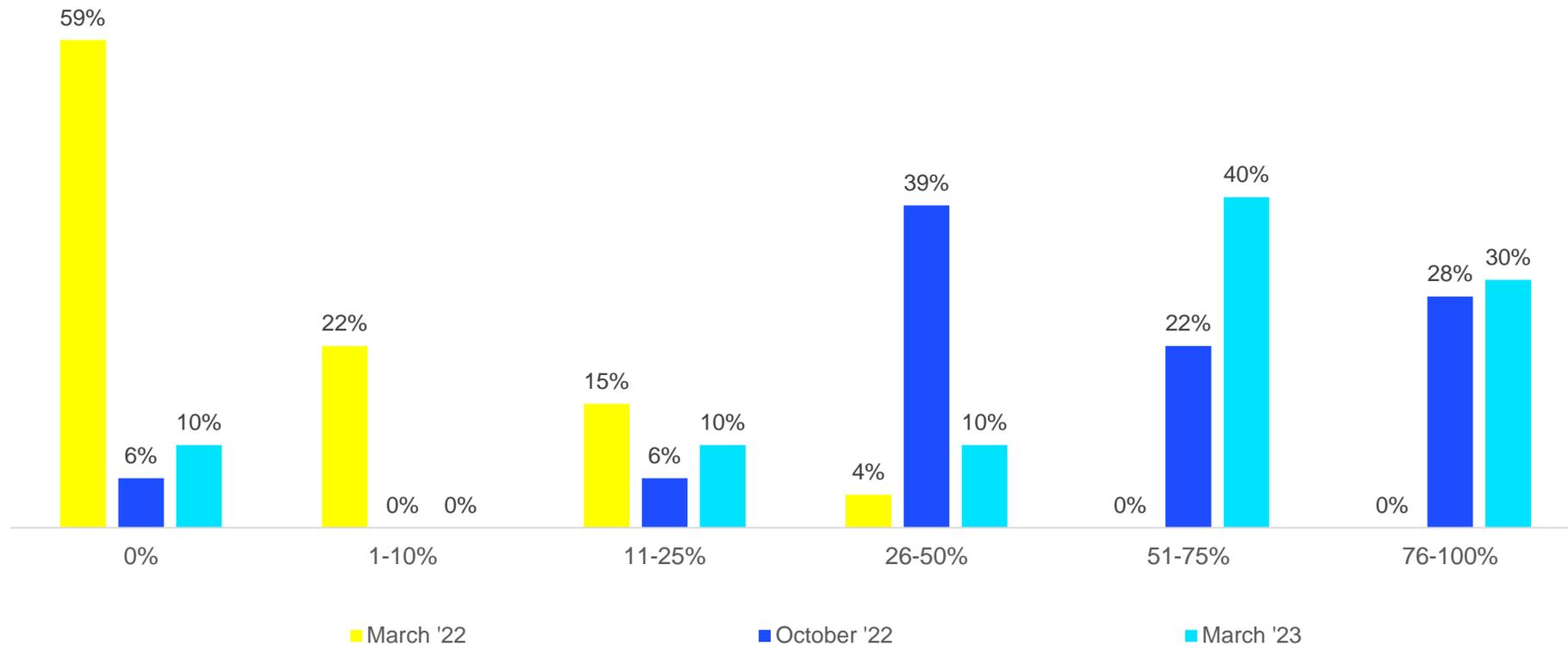
● How would you rate your company's average monthly business load in January-March 2023 compared to January 2022?

In the 1st quarter of 2023, the trend towards an increase in the average monthly commercial load among advertisers is also maintained. The vast majority (70%) report commercial occupancy at 76-100%



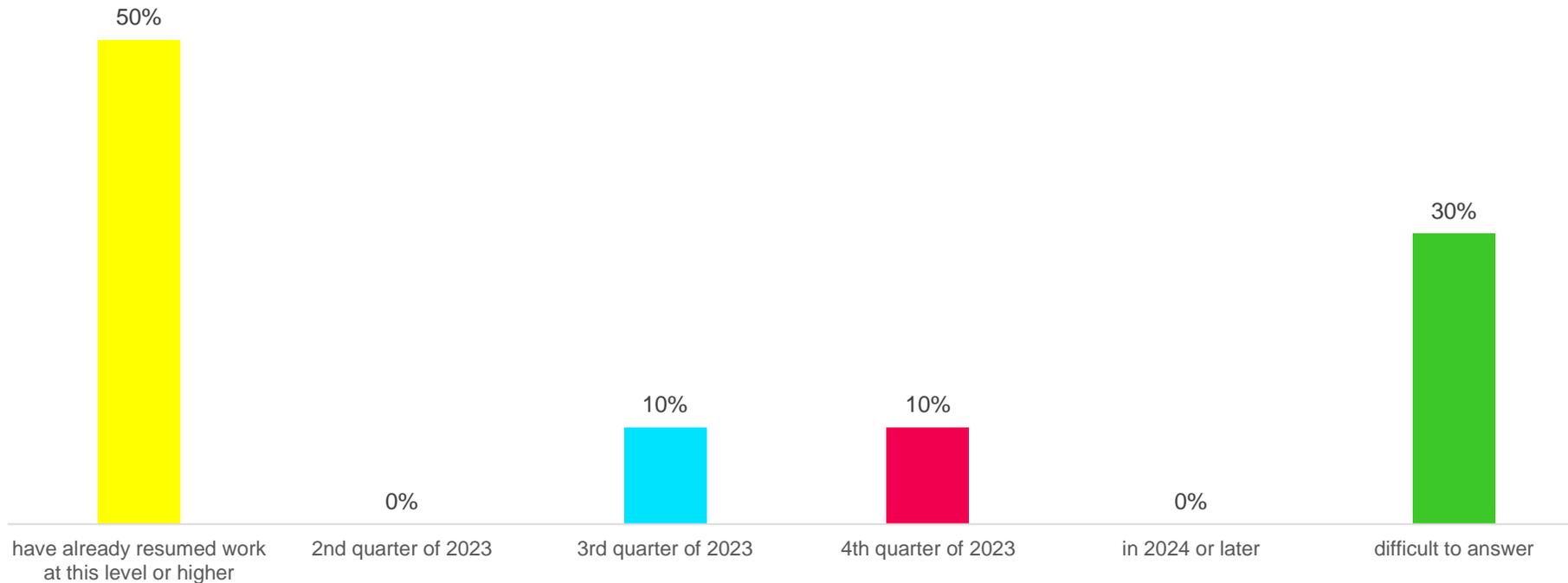
● How would you rate the average monthly level of advertising activity of your company in January-March 2023 compared to January 2022?

The share of advertisers (70%) with a level of advertising activity of more than 50% increased significantly. 10% of the surveyed advertisers note the level of advertising activity at the 0% mark.



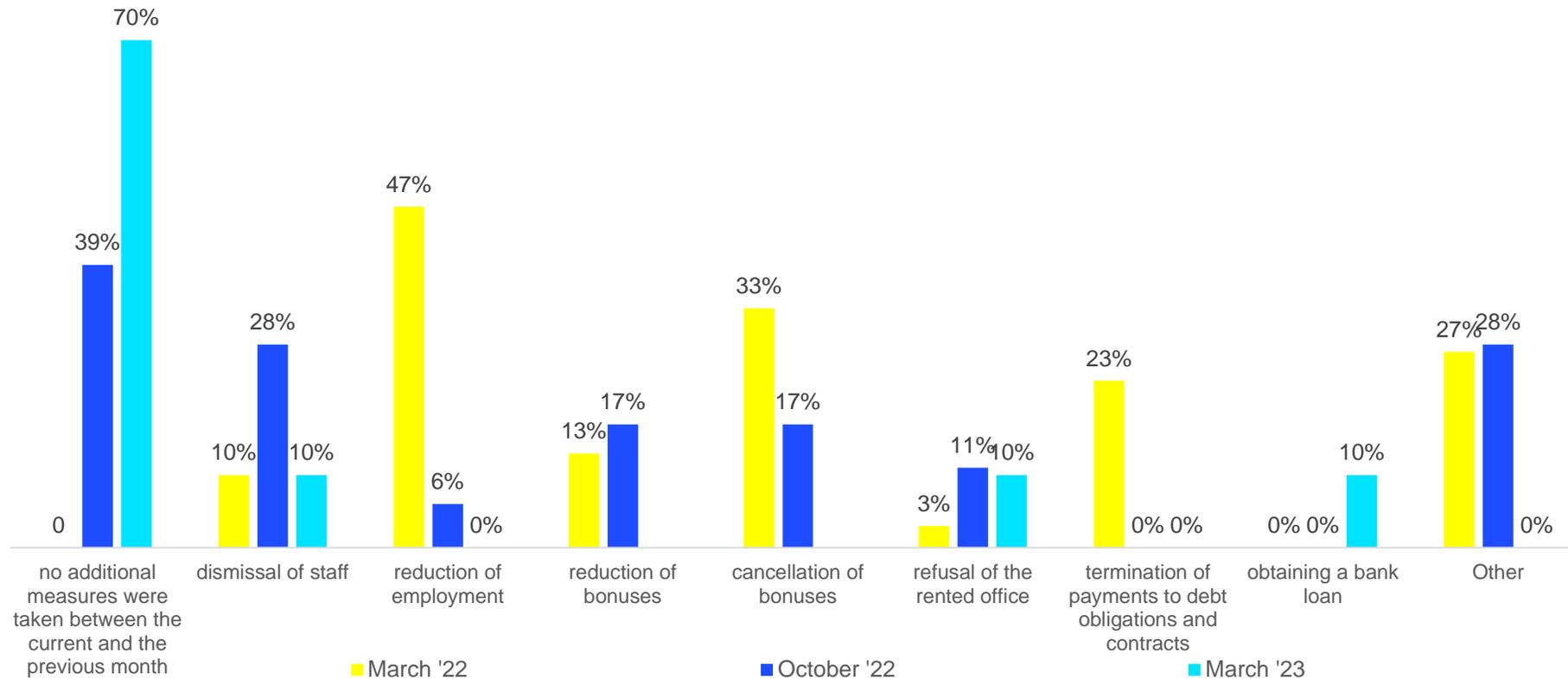
- According to your expectations, when will your company's work resume at a level of at least 75% compared to January 2022?

Half (50%) of advertisers have already resumed work at a level not lower than 75%.
20% expect a recovery to the level of 75% in the 3rd half of 2023, a third is hesitant to answer.



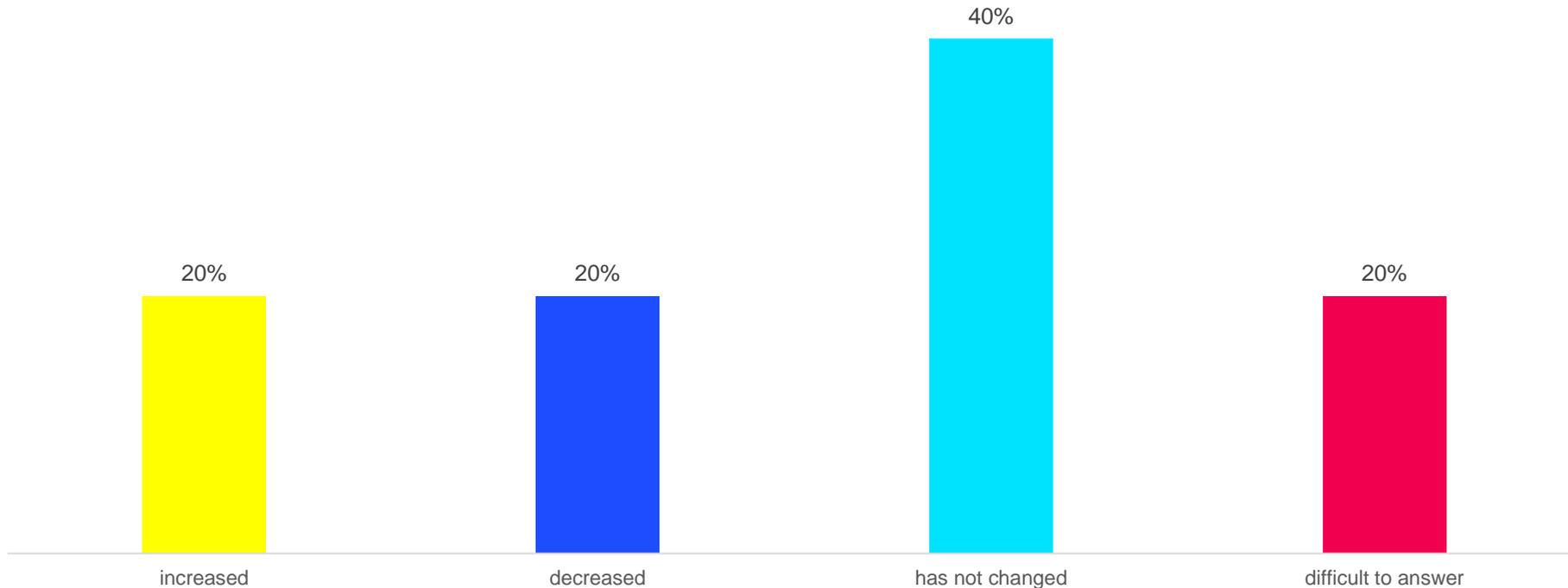
● What additional measures did you have to take to support your business compared to the previous period?

The vast majority (70%) of advertisers no longer take any additional measures to support their business. The rest are forced to lay off employees (10%), give up a rented office (10%) and turn to banking institutions for loans (10%)



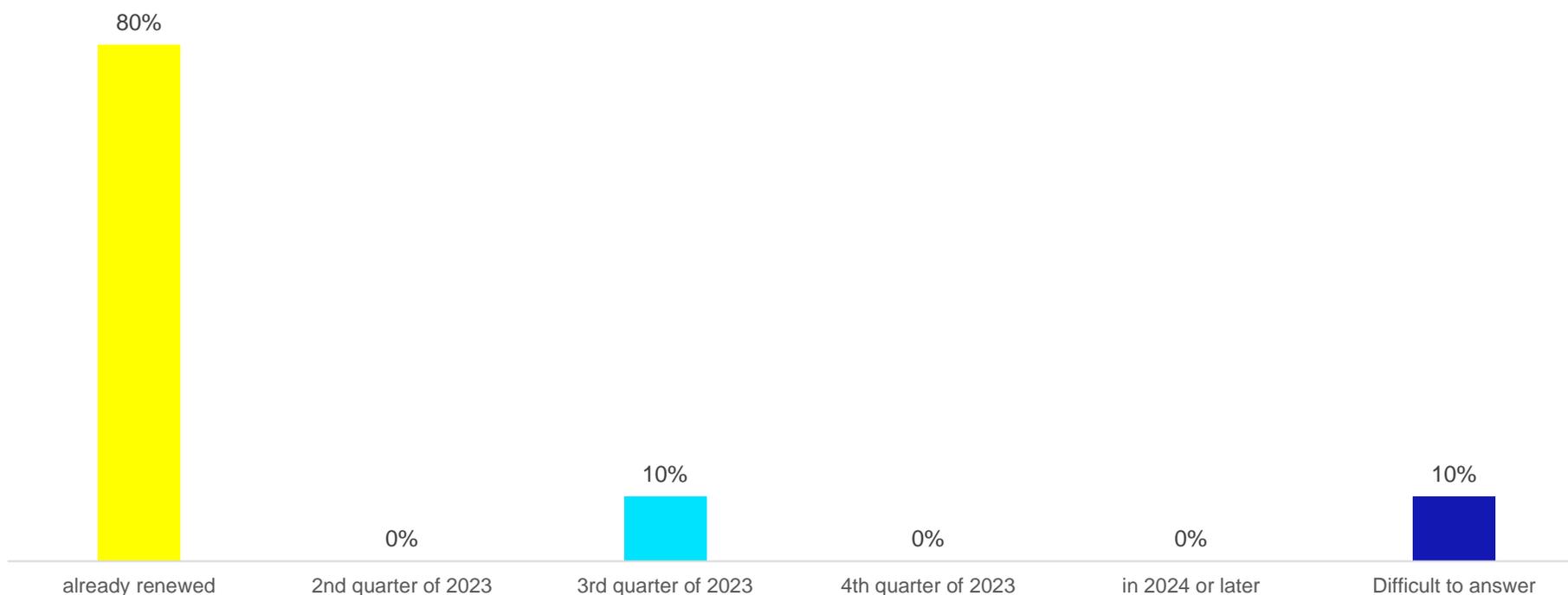
- In my opinion, in January-March 2023, relative to February-December 2022, my company needs to take cost-saving measures:

40% of advertisers did not change their opinion about the need to use cost-saving measures in the 1st quarter of 2023 compared to February-December 2022. The rest of the opinions were evenly divided (20% each) between "increased", "decreased" and "difficult to answer".



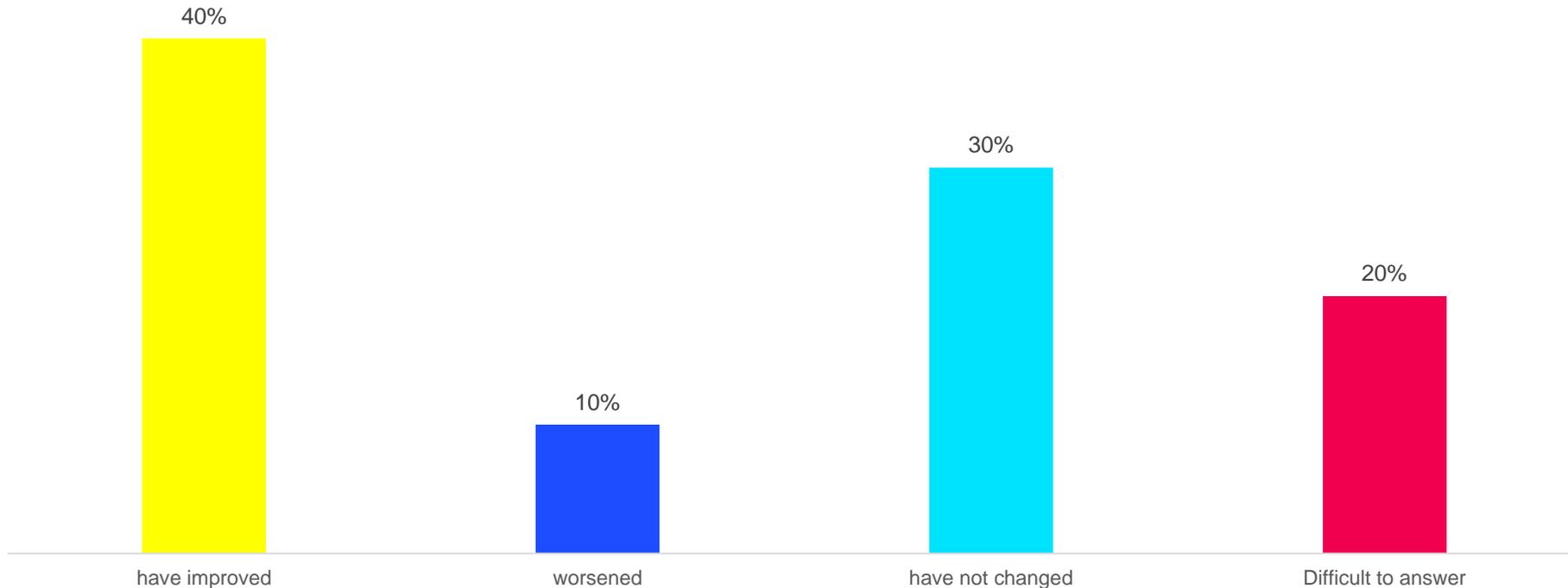
- According to your expectations, when will the renewal of advertising activity of your company take place?

The vast majority of advertisers (80%) report that they have already renewed their company's advertising activity



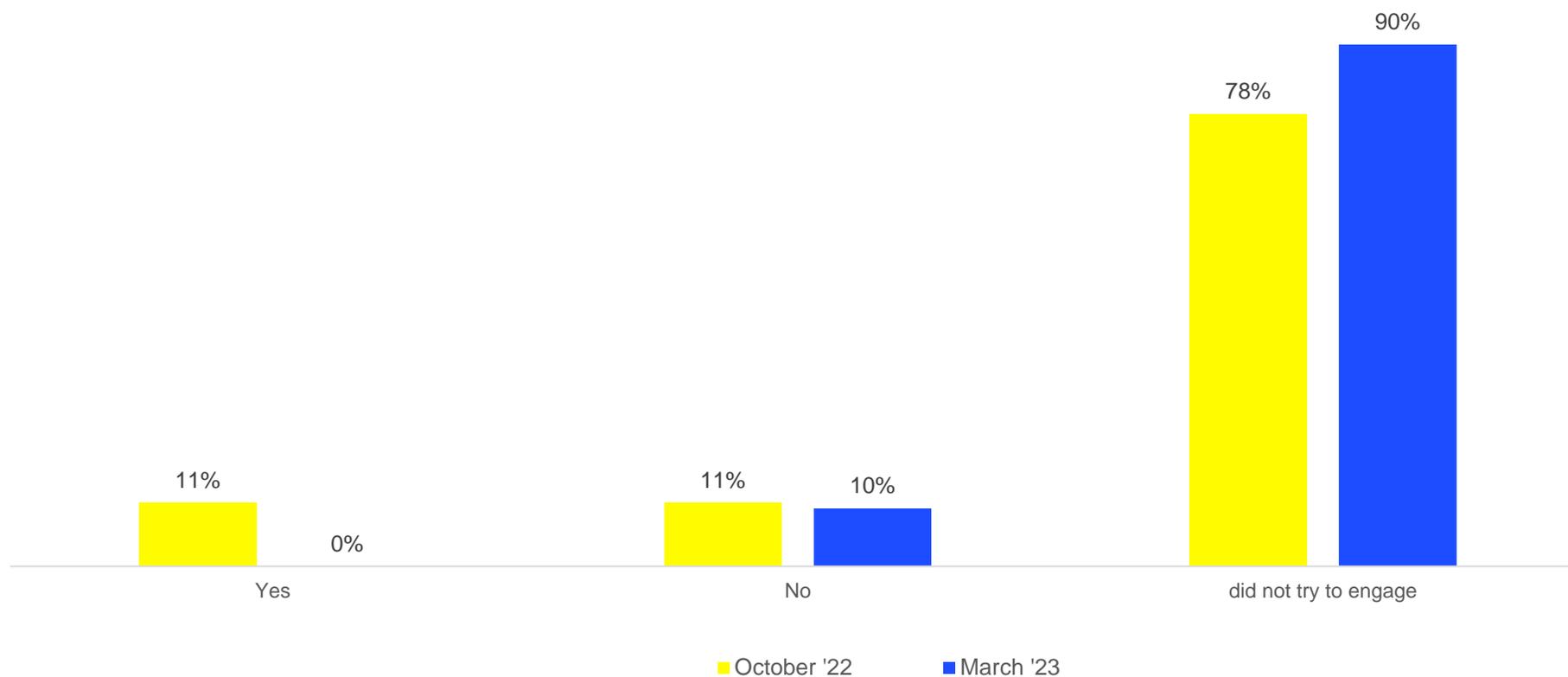
- In my opinion, my company's expectations of the state of the Ukrainian economy from the 1st quarter of 2023 to February-December 2022

40% of the surveyed advertisers noted an improvement in their expectations regarding the state of Ukraine's economy, 30% had no change in their expectations, and 10% had a worsening



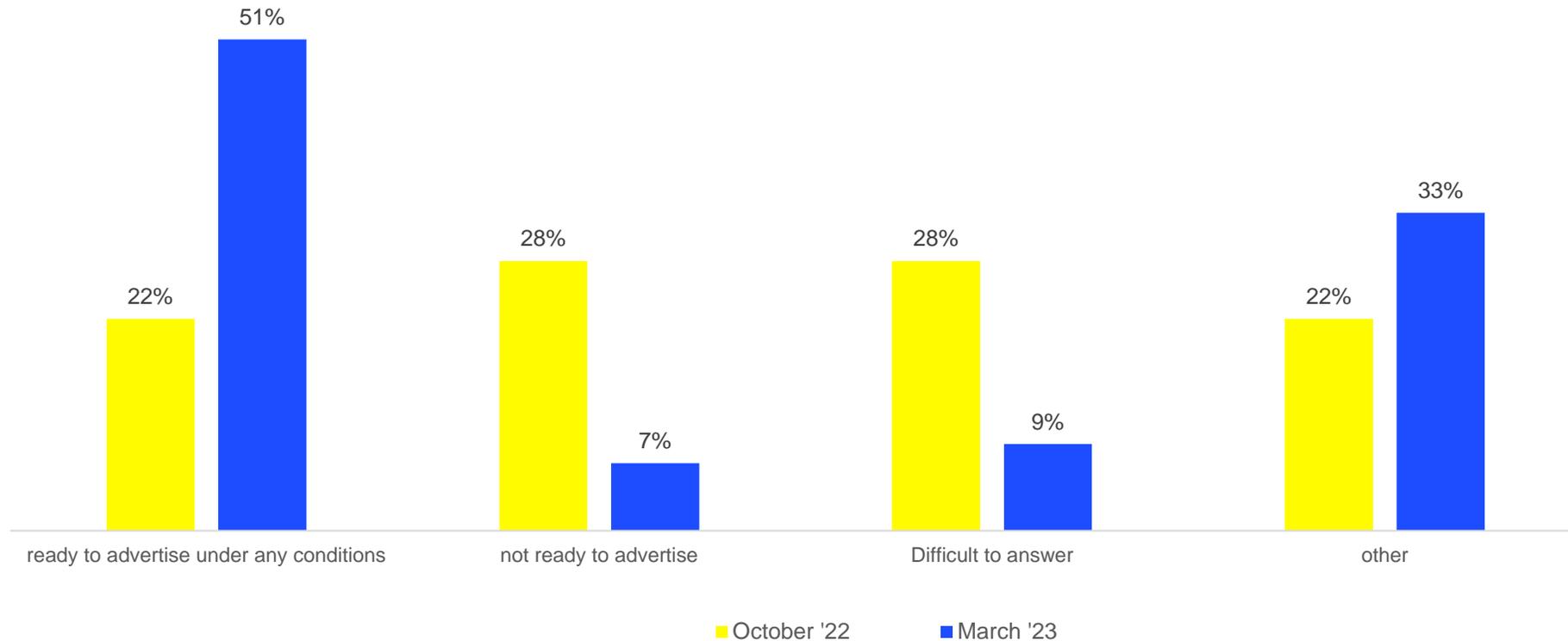
● Did you succeed to engage foreign clients after 24.02.?

In the first quarter of 2023, advertisers (90%) did not try to attract foreign customers. 10% of advertisers failed to do this.



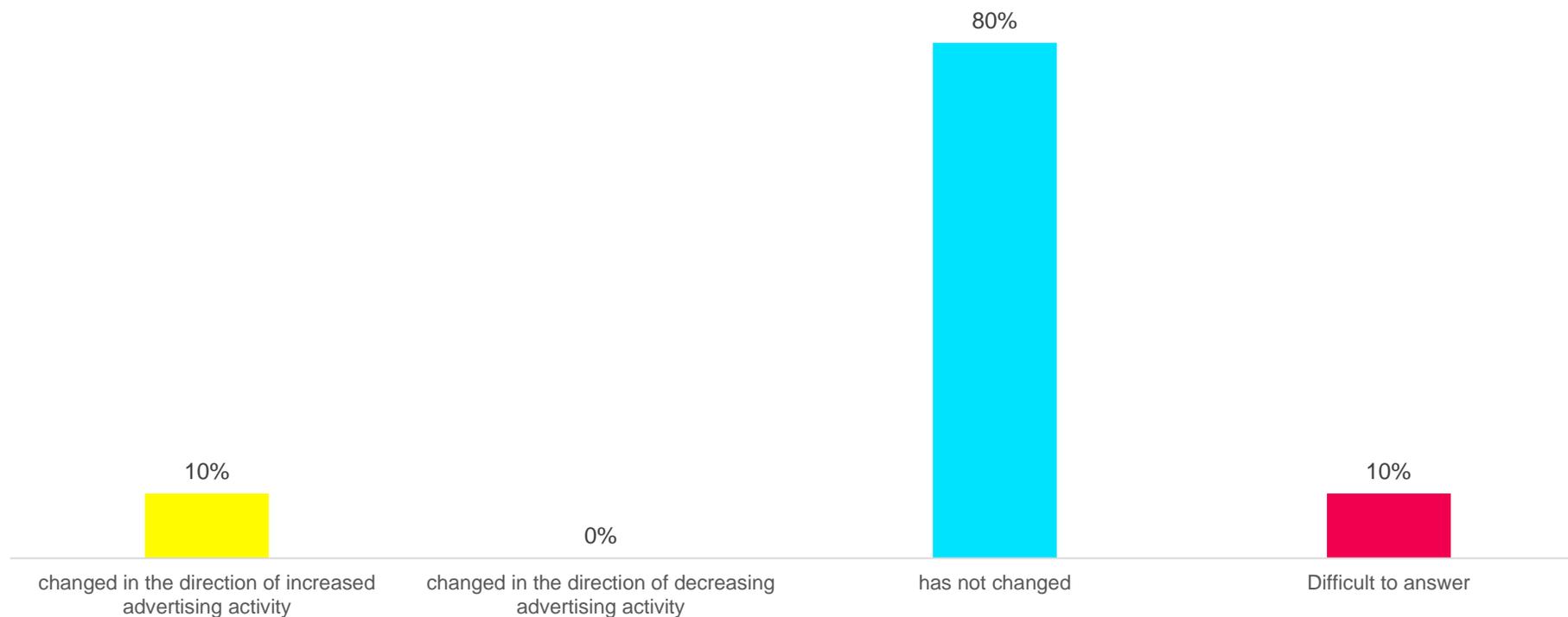
● What is your position on advertising and commercial activity during active hostilities or a worsening state of war?

As of March 2023, we have recorded a doubling of the percentage of advertisers (51%) who are ready to advertise during active hostilities or deterioration of the military situation. Only 7% are ready to stop advertising activities if the situation worsens.



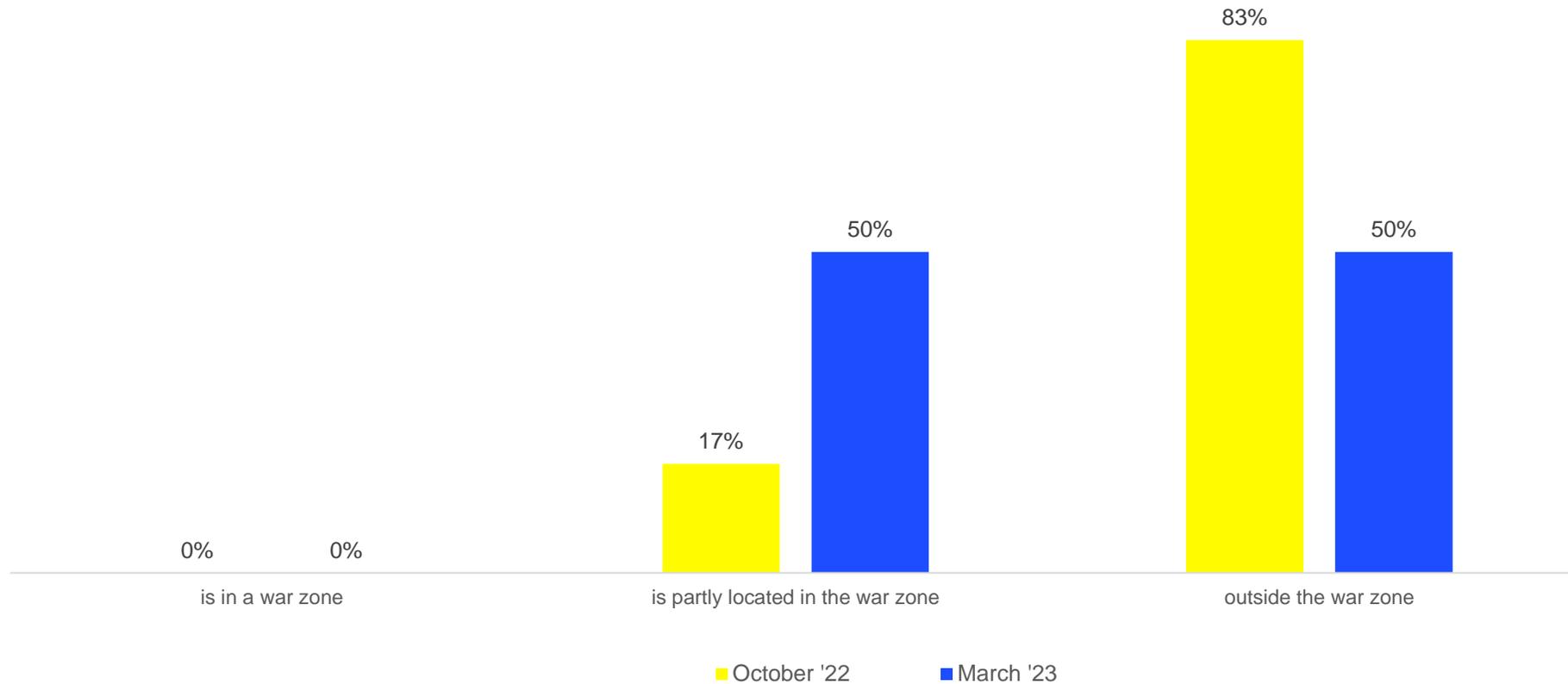
● Has this position changed in 2023 compared to February 2022?

The majority (80%) of advertisers have not changed their position since February 2022 regarding the readiness for advertising commercial activity under any conditions.



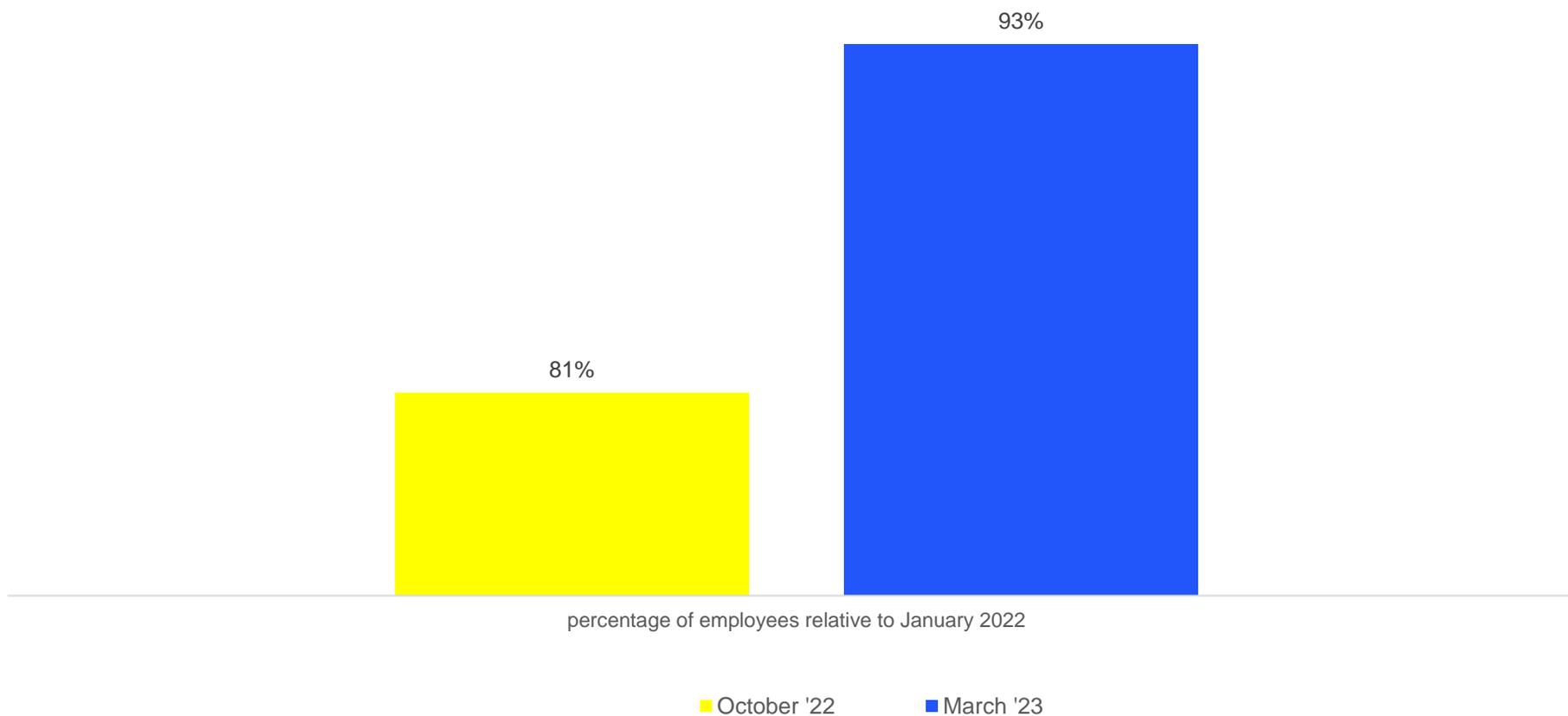
● Location of the critical infrastructure of your business

In March, advertisers reported that 50% of the critical infrastructure of their business is partially located in the war zone, and the remaining 50% is outside the war zone.



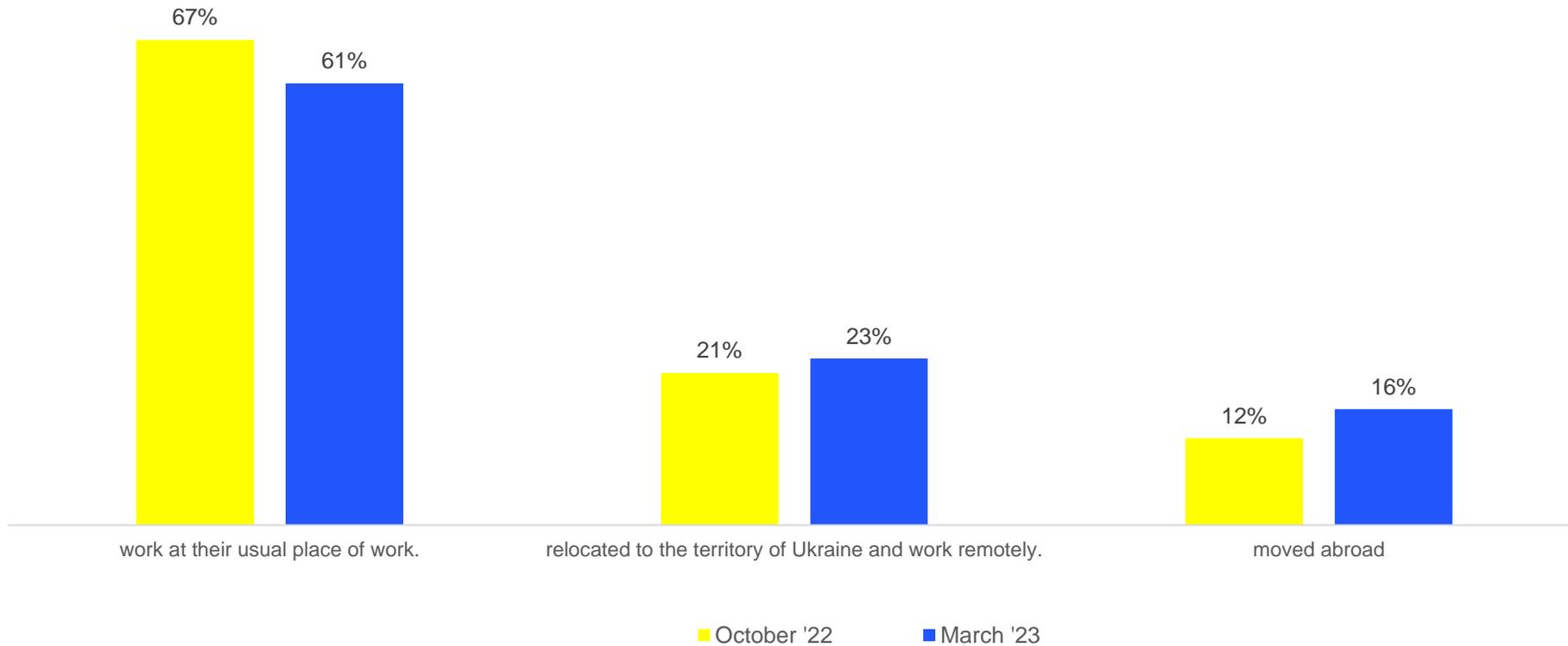
- Indicate percentage of your company's personnel regarding to January 2022

In the July-October period, we record an increase in the number of advertiser employees up to 93%



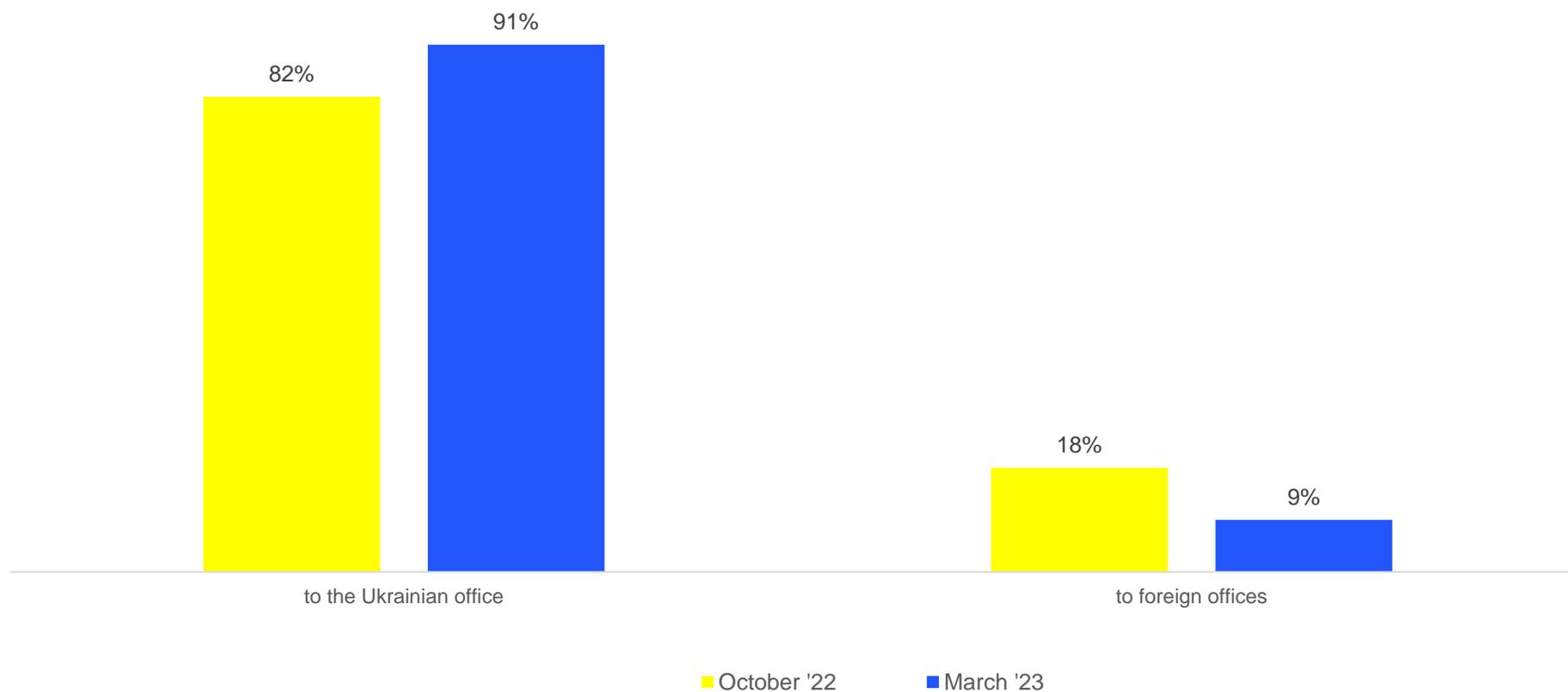
- Indicate the percentage of employees at the place of work since 24.02

The distribution of employees' workplaces remains almost unchanged - the vast majority work at their usual place of work (67%), 23% - moved to the territory of Ukraine and work remotely, and 16% moved abroad and work from there.



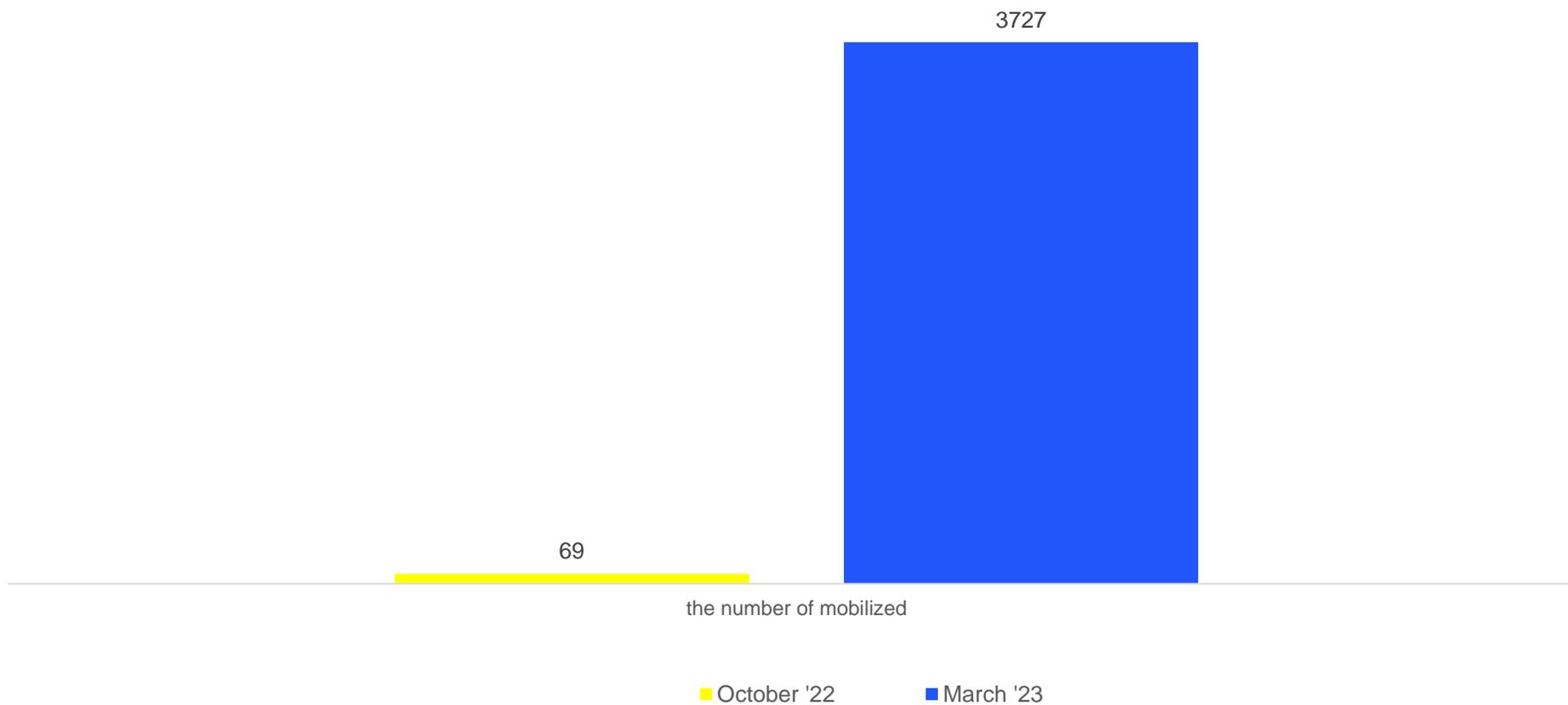
- Indicate the percentage of employees of your company who work in Ukrainian and foreign offices

In March, there was a slight increase in the percentage of advertiser employees working for the Ukrainian office and a decrease of those working for foreign offices in the ratio of 91/9.



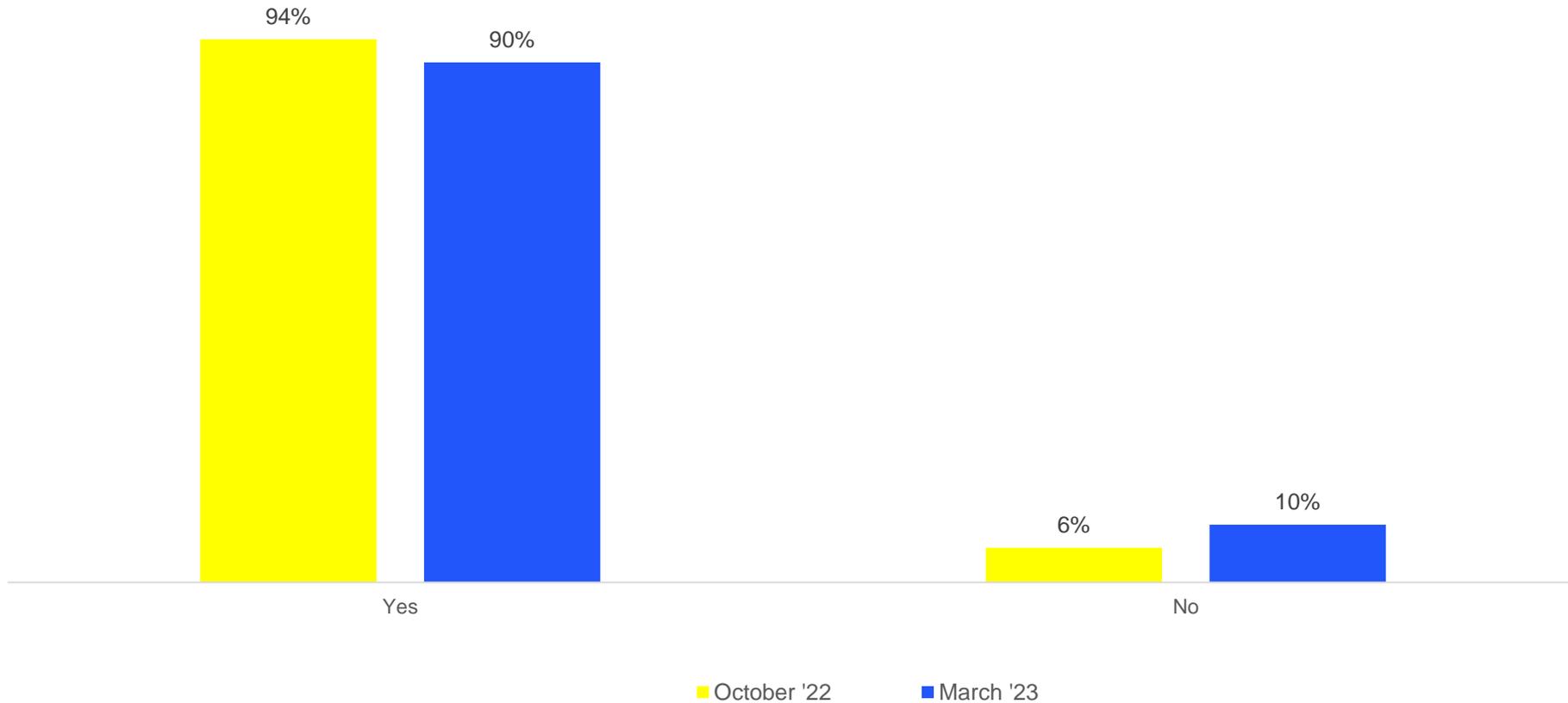
● The number of workers who were mobilized

As of the end of March 2023, advertisers report 3,727 of their employees who are mobilized to the Armed Forces



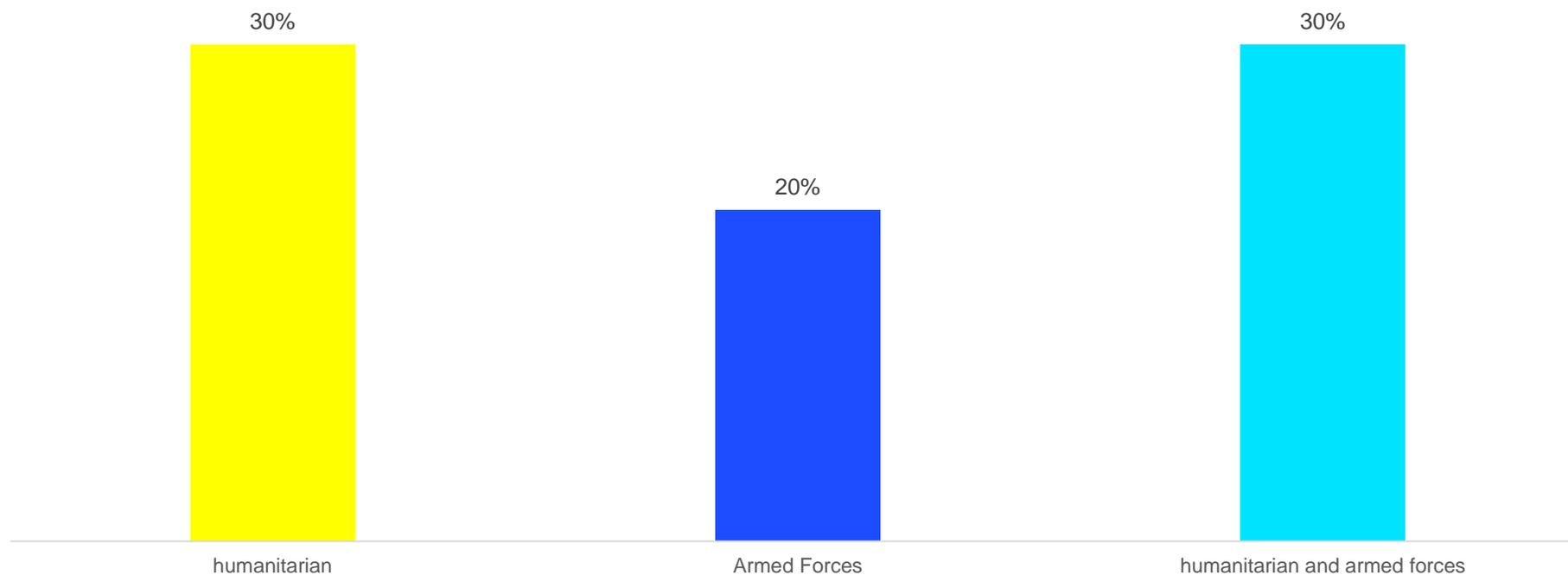
- Does your organization participate in charitable initiatives to support humanitarian activities or the armed forces?

Almost all (90%) surveyed agencies and platforms are involved in charitable initiatives in support of humanitarian activities or armed forces.



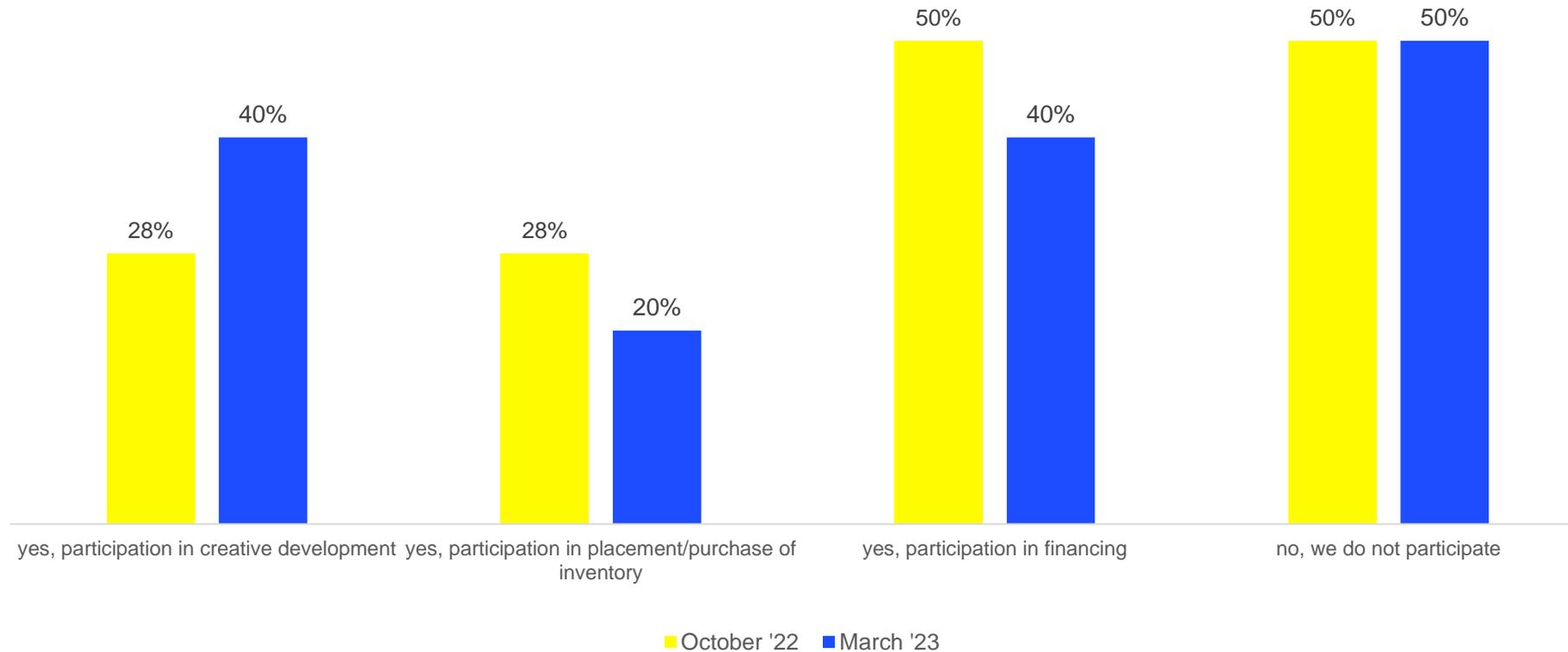
● Detail the areas of your involvement in charitable initiatives

Advertisers choose the directions of charitable support for humanitarian activities or the Armed Forces as follows:
30% - humanitarian direction, 20% - support for the activities of the Armed Forces, 30% - humanitarian direction + support for the Armed Forces



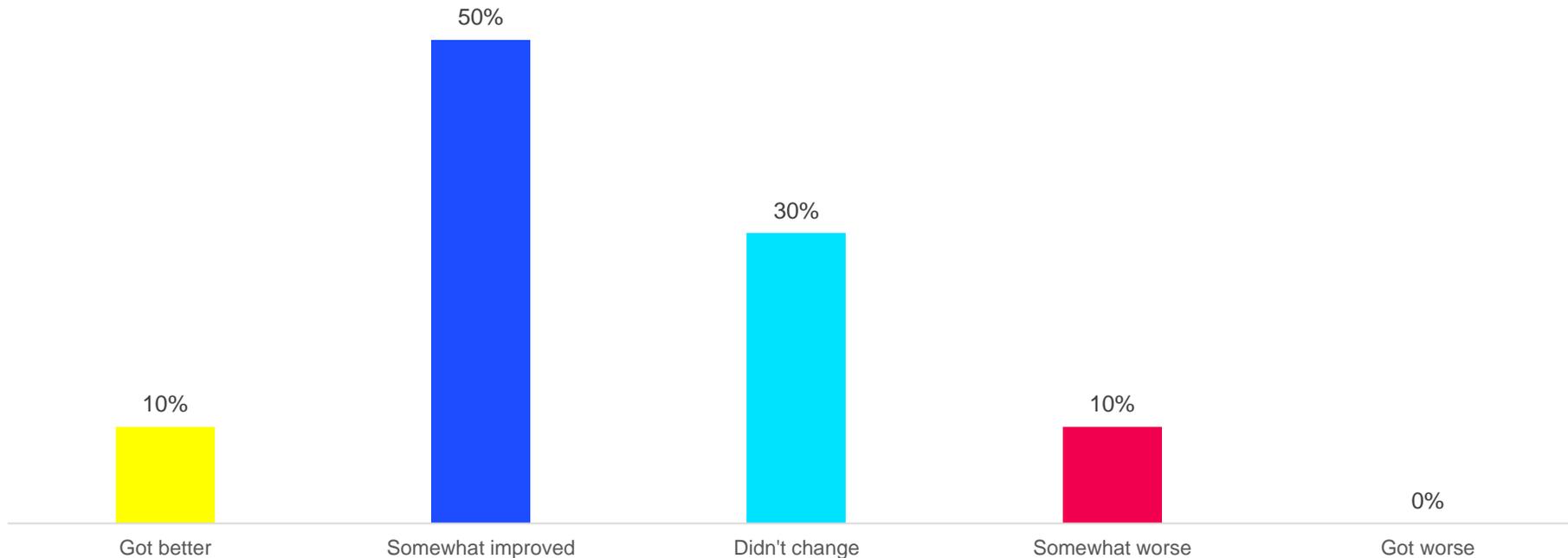
● Does your organization participate in information campaigns both in Ukraine and abroad in support of Ukraine?

Half (50%) of the surveyed advertisers do not participate in information campaigns in support of Ukraine, the rest participate in the development of creatives, placement/purchase of inventory and provide financial assistance.



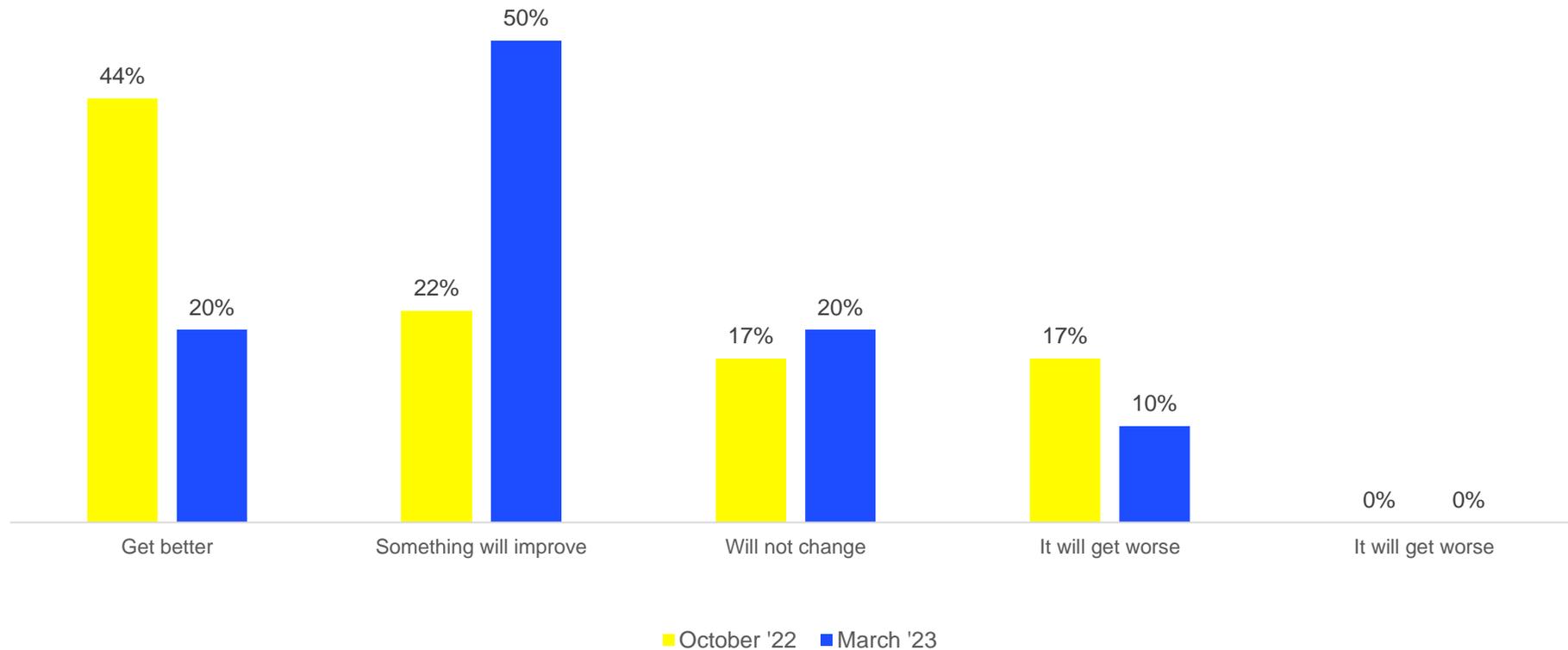
● How would you rate the current state of your company's business in Q1 2023 relative to February-December 2022?

50% of the surveyed advertisers report a partial improvement in the state of their company's business in the 1st quarter of 2023 compared to February-December 2022. A third (30%) do not record any changes, 10% note an improvement, another 10% a deterioration.



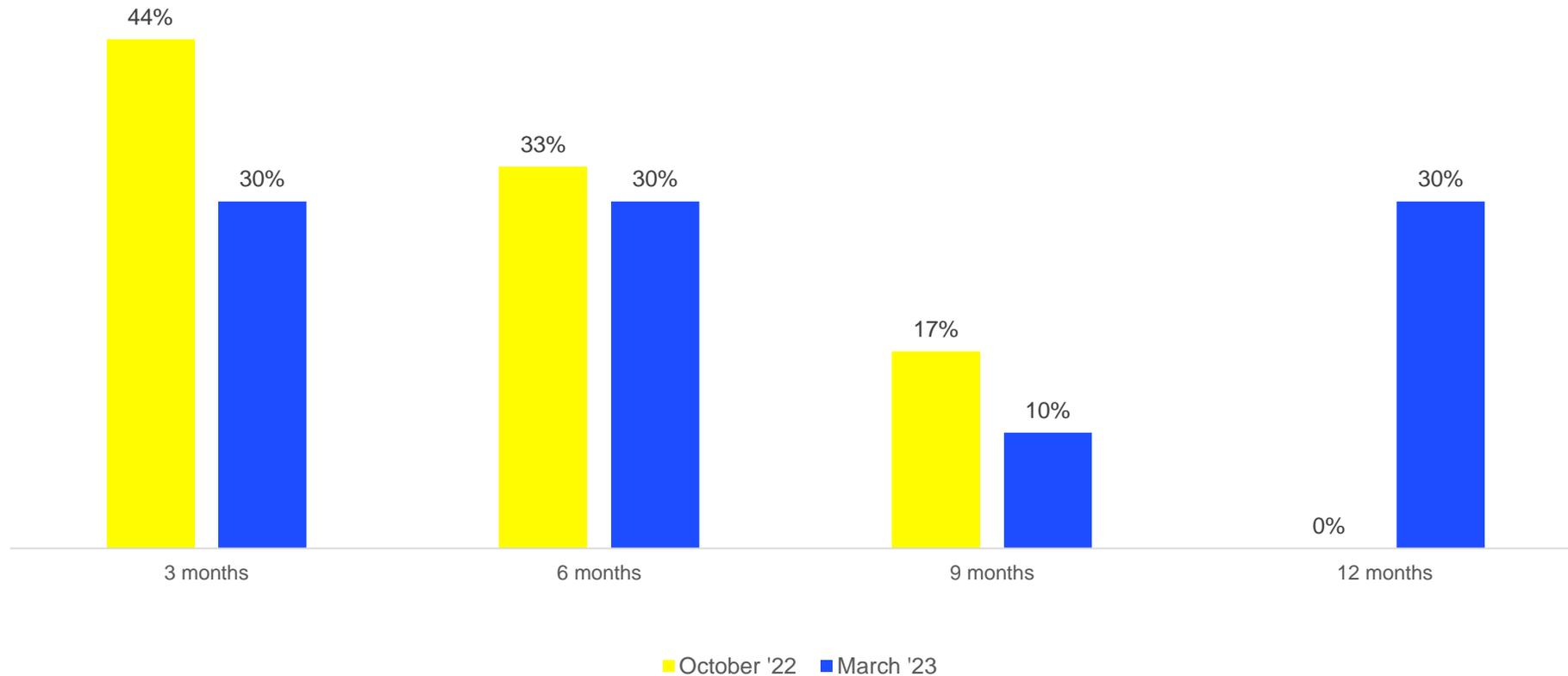
● I expect that the current state of my company's business in the next quarter of 2023...

The majority (70%) of advertisers are optimistic that their business will improve in the next quarter. 10% of the surveyed advertisers are less optimistic.



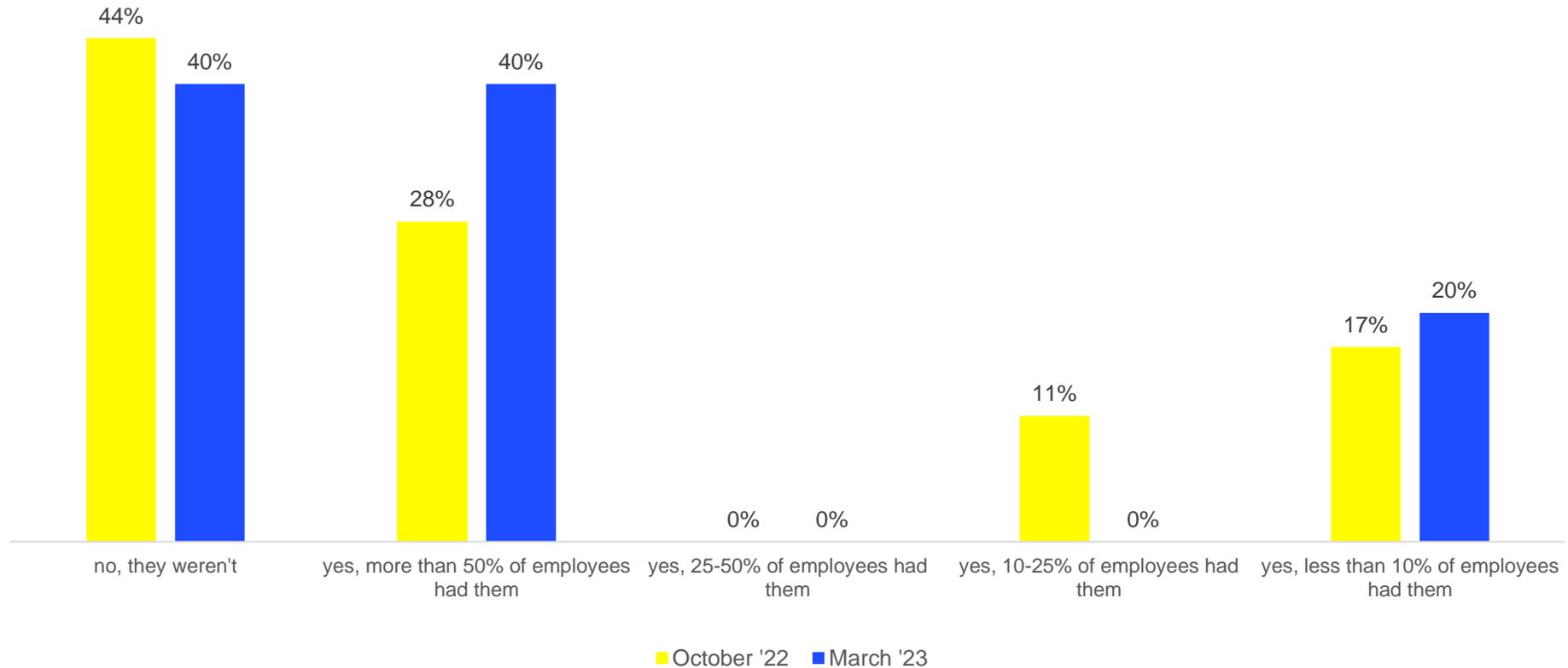
- I expect that the current state of my company's business will improve in the event of a cessation of hostilities

In the event of a cessation of hostilities, 30% of advertisers expect a rapid recovery of their business within 3 months, another 30% - within 6 months, and a smaller number of advertisers consider real improvement within 9 months. Another 30% of advertisers that the recovery of their business may require at least 12 months



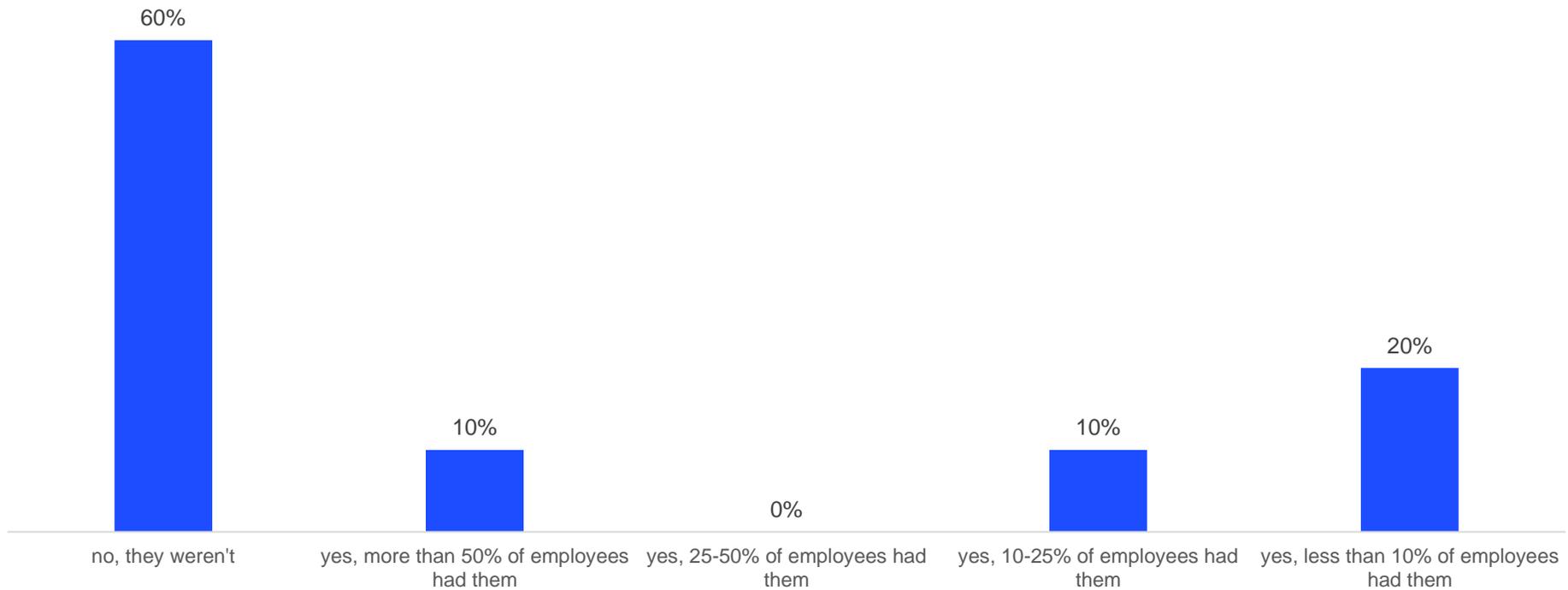
● Did your company have any upward revisions of salaries for individual positions during 2022?

60% of advertisers report that salaries will be revised upwards in 2022.
40% had no such revisions.



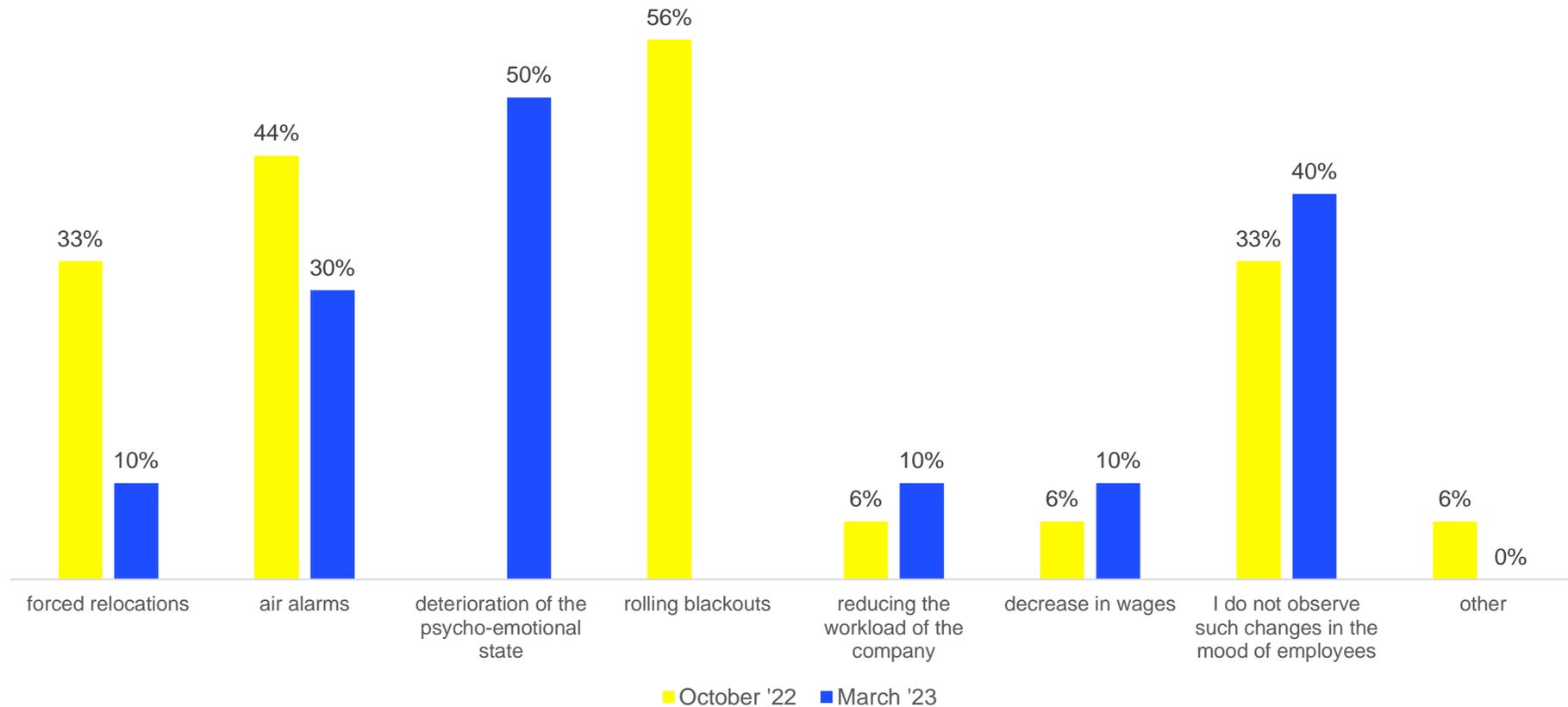
- Did your company have any upward revision of salaries for individual positions in the 1st quarter of 2023?

60% of the surveyed advertisers had no upward revision of salaries in the 1st quarter of 2023.



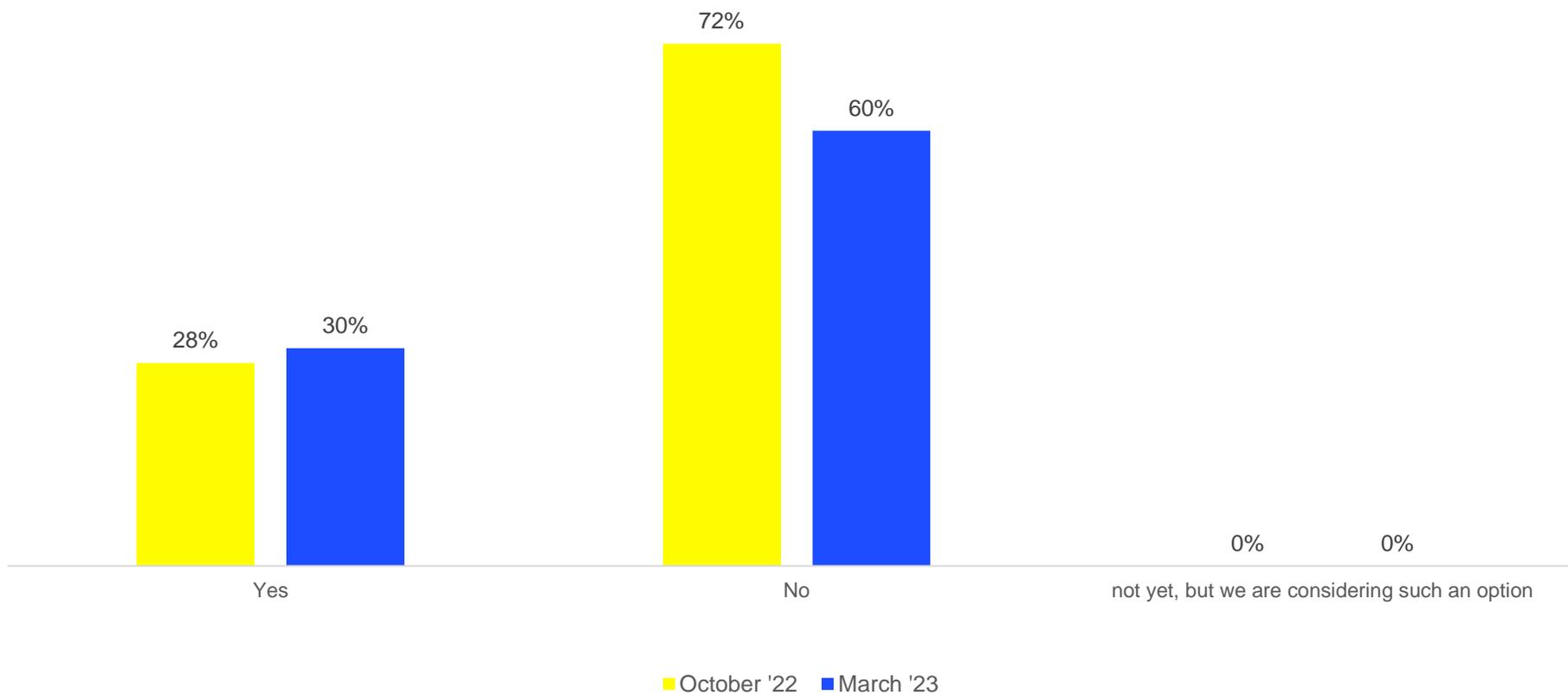
● Do you observe a decrease in the level of productivity and motivation of your employees? If the answer is yes, then what is the background of such changes?

The greatest impact on the productivity and motivation of advertisers' employees is caused by: deterioration of the psycho-emotional state (50%) and air anxiety (30%)
40% of advertisers do not observe changes in attitudes among employees



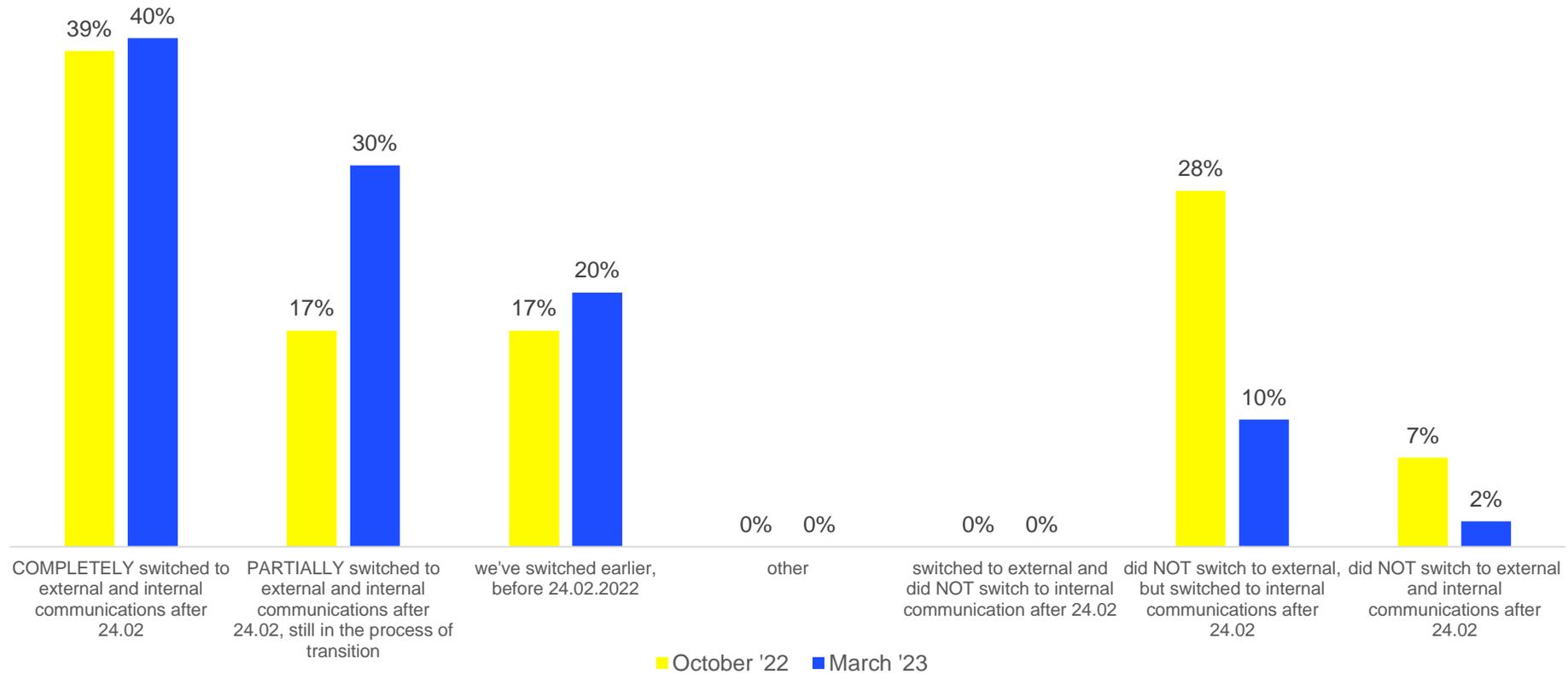
- Have you engaged professional psychological assistance for employees at your company?

Most (60%) of the surveyed advertisers did not involve professional psychological help for employees.



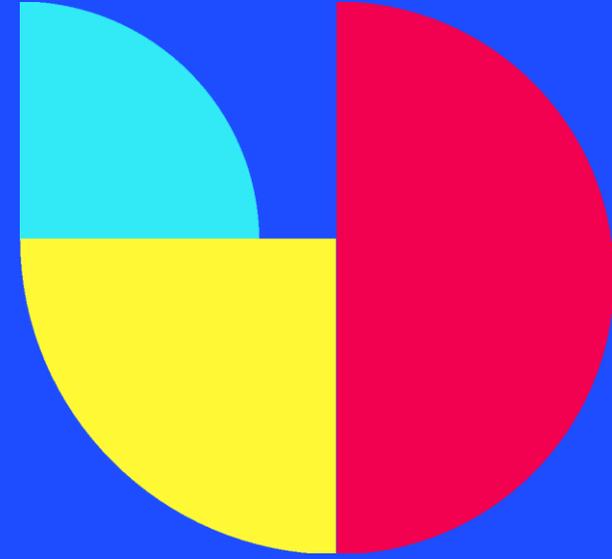
● Did your company switch to the Ukrainian language during 2022?

The vast majority (70%) of advertisers switched completely to the Ukrainian language immediately after February 24, 2022 or earlier.

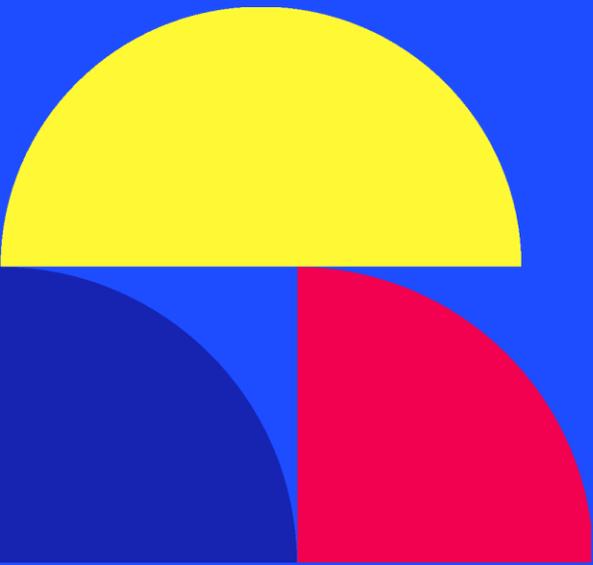


● Your management conclusions regarding business operations during 2022?

- It will be difficult
- The main thing is to keep the team, as well as to be close to the client. Constant work on improving the service, additional services. The introduction of those goods that are now needed by our customers is what is relevant today.
- Endured
- Despite the limitations of the COVID-19 pandemic, the pandemic has been a useful stage of preparation to keep our company operational during a full-scale invasion. Work turned out to be the factor that not only provided psychological support, gave people a sense of purpose and forced them to act, but also supported people in the most difficult first days and weeks of the war.



CONCLUSIONS



● Conclusions

- The trend towards business recovery among advertising agencies, platforms and advertisers continues - only 5% of RAs and platforms and 20% of advertisers partially resume commercial activity, the rest - 95% of RAs and 80% of advertisers have already resumed their activity completely or did not interrupt it.
- In the 1st quarter of 2023, we continue to record the growth of the commercial occupancy of RAs and advertisers: 56% of RAs reached a level of occupancy of 76%+, there are no RAs with a level of occupancy of less than 10%; among advertisers, we record a high (70%) share of those who are loaded at the level of 76%+, there are no advertisers with a commercial load level below 25%
- The trend of increasing the level of advertising activity continues in March 2023: the share of RAs with advertising activity of more than 76% has increased significantly; the share of advertisers with more than 51% advertising activity almost doubled.
- It was recorded that in January-March 2023 RAs and platforms (49%) and advertisers (50%) have already resumed advertising activity at a level of at least 75%. Players who have not yet resumed at this level expect to resume in Q3 2023 - RAs and platforms, and are undecided - 30% of advertisers
- There is a trend in the perception of the assessment of the possibility of work if the military situation worsens - according to advertising agencies, 67% of their clients are ready for advertising in the event of a worsening of the military situation; at the same time, 51% of surveyed advertisers report their willingness to advertise under such conditions
- A significant share of RAs and platforms (72%) and advertisers (70%) did not take additional measures in the period January-March 2023 to optimize the situation and support business. According to RA (42%), the need to take cost-saving measures has decreased, while this need has not changed for 40% of advertisers.
- We observe an optimistic mood among market players regarding the improvement of the current state of their business in the 1st quarter of 2023: 44% of RAs and 50% of advertisers report a partial improvement; 56% of RAs and 20% of advertisers expect the current state of their business to improve in Q2 2023
- The vast majority of RAs (74%) and advertisers (70%) completely switched to the Ukrainian language in both internal and external communications either before the start of hostilities or after the invasion. The rest of the players are in the process of transition.



Stand with Ukraine!