



University of Latvia

The Competiveness of the Latvian Advertising Agencies during the Austerity Policies in Latvia

Regional Studies Association Winter Conference 2014
“Sustainable Recovery? Rebalancing, Growth, and the Space Economy”
London, UK
November 27-28, 2014

Author:
Laila OZOLIŅA



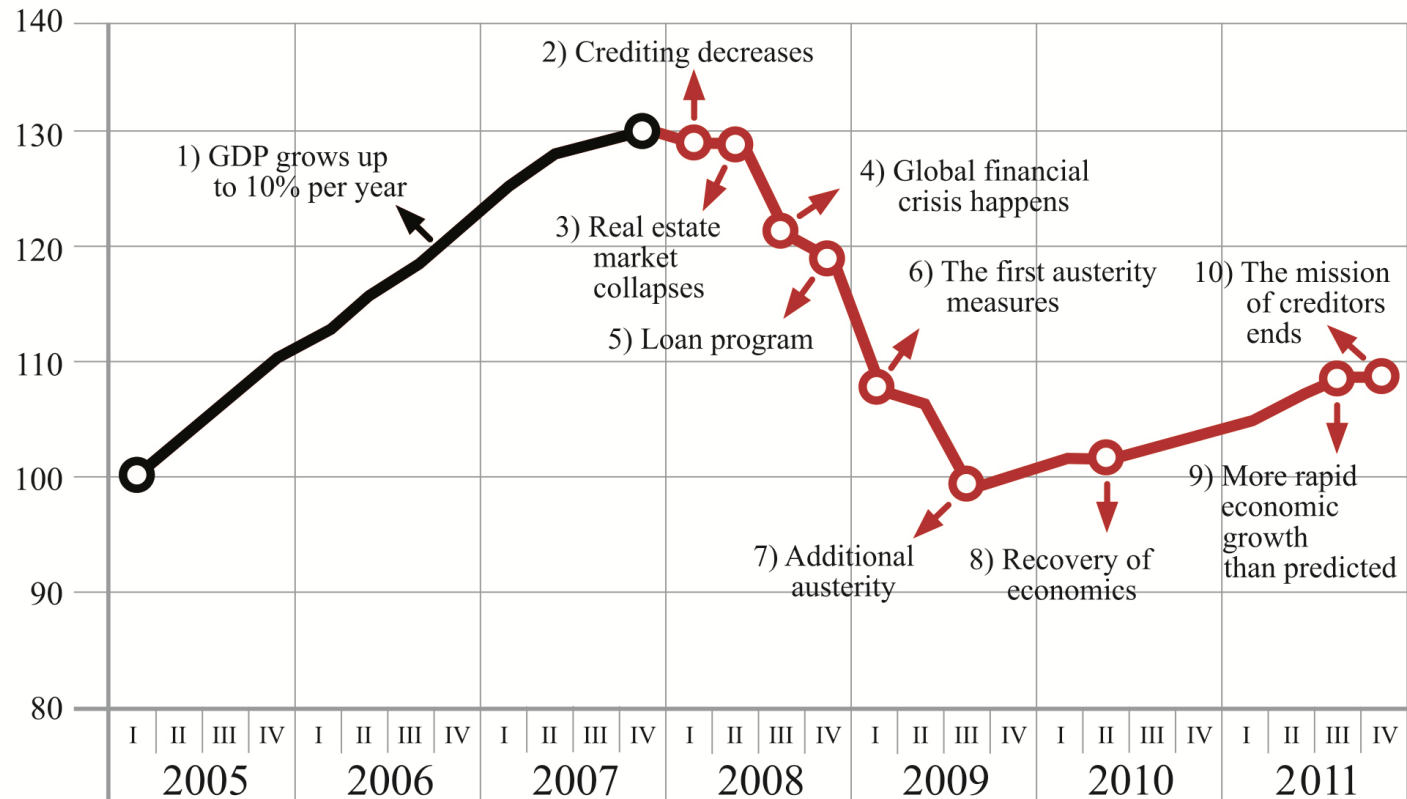
Methodology and Limitations of Research

- Interviews with executives at 17 agencies and 10 client's.
- Hard data statistics from: Central Statistical Bureau of Latvia, Lursoft, TNS
- Latvian advertising agencies do not have united standards or criteria which would indicate how to recognize the better services and how to compare them.
- The research field period is 2009-2011



Environment During Austerity Policies in Latvia 2009 - 2011

The description of the Economic Situation in Latvia before and after 2009



Source: The Central Statistical Bureau and Bank of Latvia



Advertising Agency Industry in Latvia

The GDP Per Capita and Advertising Market (millions / lats)

| | GDP per capita | Ad market |
|------|----------------|-----------|
| 2004 | 3279 ↗ | 49.3 ↗ |
| 2005 | 4020 ↗ | 59.0 ↗ |
| 2006 | 5015 ↗ | 76.0 ↗ |
| 2007 | 6688 ↗ | 93.9 ↗ |
| 2008 | 7386 ↗ | 97.1 ↗ |
| 2009 | 6102 ↘ | 52.7 ↘ |
| 2010 | 6096 ↘ | 45.9 ↘ |

Source: The Bank of Latvia and TNS Latvia



The Agencies key factors of Competitiveness

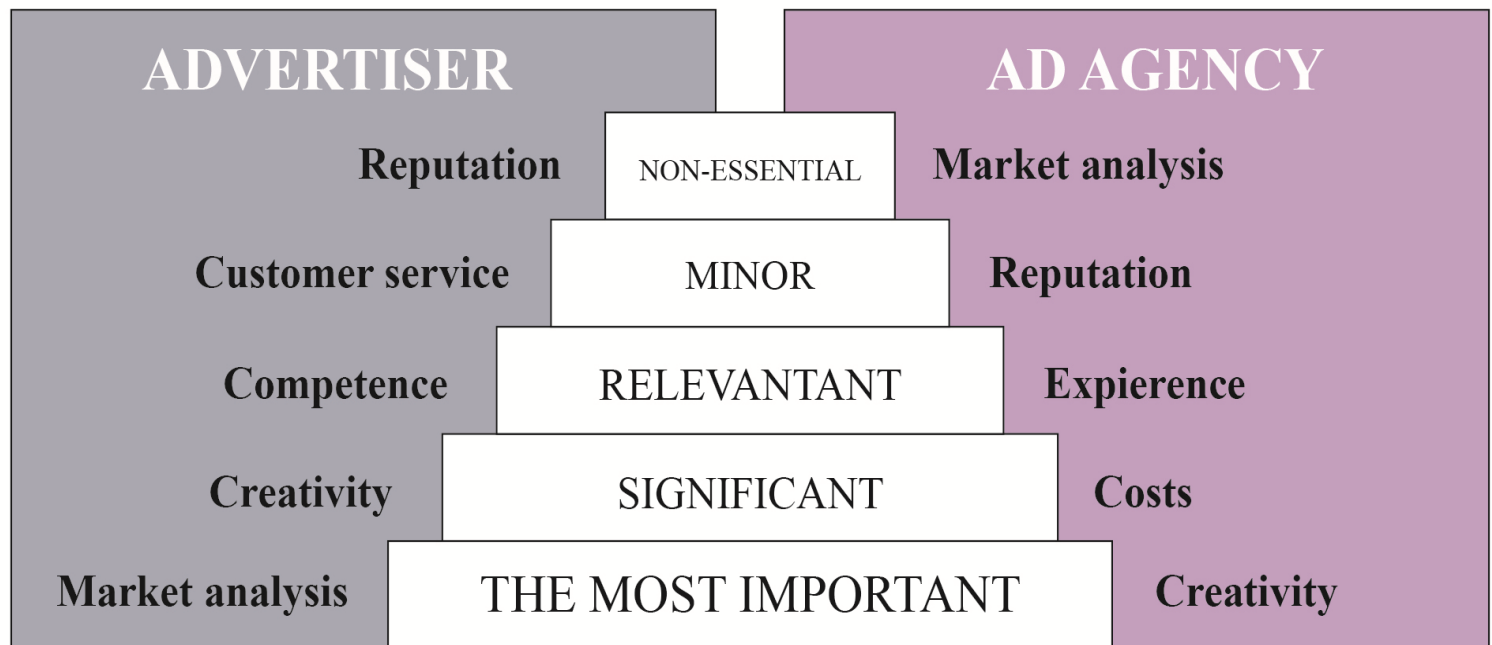
| | |
|-----|---|
| 1. | Agency employees amount |
| 2. | Awards in ad competitions |
| 3. | Agency duration and history |
| 4. | Client area of specialization |
| 5. | Creativity |
| 6. | Competence |
| 7. | Costs |
| 8. | Customer needs satisfaction |
| 9. | Customer service |
| 10. | Experience |
| 11. | Market analysis |
| 12. | Membership of international ad agency |
| 13. | Membership of professional associations |
| 14. | Reputation |
| 15. | Turnover |

Source: author construction based on the survey results



Advertiser's and Agencies main factors of Competitiveness

The main factors of competitiveness



Source: author construction based on the survey results



Survey results

During austerity period 2009-2011:

- Latvian advertising agencies have been confronted with new advertisement service suppliers:
 - event management agencies,
 - marketing consultancy agencies,
 - new online social communication networks, etc.
- Doing more with less became the issues that confront advertisers with agencies.
- Agencies have to implement strategies which are both efficient and creative despite any austerity regime.
- Advertising agencies which successfully use the relationship with client and performance creativity, developed factors of competitiveness, to strengthen their positions.



Bibliography

Bank of Latvia. [Online Accessed 27 August 2014].

Central Statistical Bureau of Latvia. [Online Accessed 26 August 2014].

Hackley, C. (2010). *Advertising & Promotion: An Integrated Marketing Communication Approach*. 2nd ed. London, England.

Hoffman, L. & Kemp, R. & Viswanathan, R., 1995. *A New Marketing Competitive Advantage: Time Based Competencies and its Impact on Small Business*.

Kitchen, P.J. & Finbarr Daly, F. 2002. Internal communication during change management. *Corporate Communications: An International Journal*, Vol. 7 Iss: 1 pp. 46 – 53.

Krugman, P. Myths of Austerity. *The New York Times*.

Latvijas reklāmas asociācija. [Online Accessed 13 August 2014].

Moore, J.W. & Middleton, D. & Haggard, P. & Fletcher, P.C. 2012. Exploring implicit and explicit aspects of sense of agency. *Consciousness and Cognition*. Vol. 21 Iss: 4, pp.1748–1753.

Nachum, L. & Y. Aharoni (2000). *FDI, The Location Advantages of Countries and the Competitiveness of TNCs, in Globalization of Services: Some Implications for Theory and Practice*. New York: Routledge.

OECD Economical Outlook. *Indicators of International Competitiveness: Conceptual Aspects and Evaluation*.

Porter, M. E., 1998. *Competitive strategy. Techniques for Analyzing Industries and Competitors*. New York: The Free Press.

Shaver, D. & M. Shaver (2003). A Structural Comparative Analysis of the Top Global Advertising Agencies. In P. Rose and R. King (Eds.) *International Conference Proceedings of the American Academy of Advertising: 2003 Asia-Pacific Conference*. The American Academy of Advertising.

Sujova, A. & Rajnoha, R. 2012. The Management Model of Strategic Change based on Process Principles. *Social and Behavioral Sciences*, Vol. 62, pp.1286-1291.

TNS Latvia market research company [Online Accessed 27 August 2014].



Your questions

Laila Ozolina,
University of Latvia
e-mail adress: ozolina2013@gmail.com
telephone +371 2929 8205