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**THE ROLE OF ADVERTISING IN ECONOMY OF AZERBAIJAN
FOR 2012-2016**

Açar sözləri: reklam, satış, inkişaf, səviyyə, yanaşma, səbəb olmaq, bazar, zənn etmək.

Key words: advertising, sales, development, level, attitude, promote, market, assume.

Ключевые слова: реклама, продажи, уровень, способствовать, рынок, предполагать.

The development of high technologies accelerates all production chains. It leads to the reduction of the time between production and sale of goods. In result, advertising starts playing an important role in providing the good level of sales. Development of technologies strongly changed both – structures of sales and advertising. Though, society has an ambiguous attitude to advertising, it cannot be denied, that it promotes development of the advertised product. Therefore, quite often, when speaking about the development of the market within any country, it worth taking into account the development of the advertising market. At the same time, the advertising market accompanies the development of the competition and as we know, the competition is an incentive for development of technologies and the markets.

The advertising market in various countries can differ depending on the domestic traditions and structure of the economy. When speaking about Azerbaijan, it should be noted that the advertising market, as well as, all other markets, started developing only since the beginning of the 90th years. Earlier advertising was existing just formally and it was monopolized and didn't promote development the competition. However, in the 90th after the formation of the individual capital market, advertising also began to develop and extend. In recent years, the large changes took place in the structure of advertising market. Especially, it is connected with the role social networks started playing in life of people. As of July 1st, 2017 number of Internet users in the country reached the number of 7.5 million people. Number of Facebook users for the same period was 1.7 million people. At the same time, it worth to consider that there are also other numerous social networks. Therefore, if earlier the major role was played by TV advertising, now gradually Internet advertising passes to the forefront. In addition, it seriously

differs from outdoor advertising and advertising in mass media. Thus, we assume that the strongest changes in structure of the advertising market happened in the last 5 years (development of the broadband Internet, increase in Internet access, etc.) and we will be analyzing these years, to reveal the current position in the advertising market of the country.

Table 1. The structure of Advertising Market in Azerbaijan (*thousands manat*)

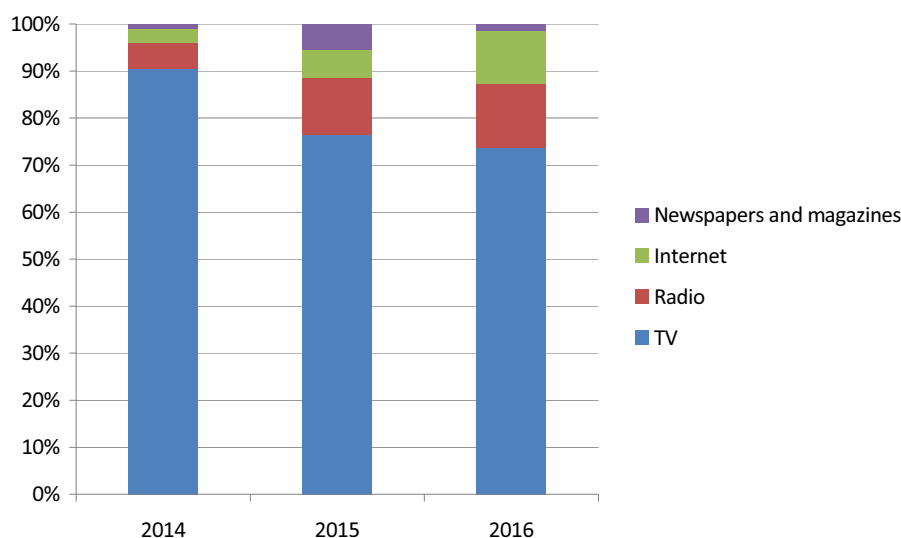
№	Data	2012	2013	2014	2015	2016
1	Advertise production	-	-	15326,2	14228,9	15769,6
2	Advertise placement	-	-	17868,9	8577,1	10206,1
3	Advertise distribution	-	-	34116,3	33044,9	17449,2
3.1	on the streets	-	-	3663,9	3792,8	4230,2
3.2	on the public transport	-	-	5323,6	3283,0	2306,7
3.2.1	subway	-	-	6,9	-	-
3.3	Mass-media	-	-	25128,8	25969,1	10912,3
3.3.1	TV	-	-	22665,9	19836,0	8036,2
3.3.2	Radio	-	-	1376,0	3094,3	1479,4
3.3.3	Internet	-	-	775,2	1565,6	1247,7
3.3.4	Newspapers and magazines	-	-	244	1408,7	149,1
3.3.5	Postal items	-	-	67,7	64,5	-
4	Number of contracts	2132,0	2339,0	3242,0	5677,0	6245,0
5	Cost of the contracts	54175,2	66308,8	64238,8	51674,0	37056,7
TOTAL		48396,9	59036,4	72523,8	62848,4	43483,0

This table is based on the data published by State Committee on Statistics. As we see, SCS began to classify in details the advertising activity only since year 2014. Earlier everything was described in one column. On the other hand, it is official data and it doesn't completely coincide with

reality. Therefore, despite the fact that it is specified that Internet advertising gradually grows and increases the share of market, in reality it is even higher. For example, advertising through Facebook and Instagram, which is most actively used in Azerbaijan, grows significantly each year. For example, one advertisement post in these social network costs 4\$ in average. In fact, the cost for Azerbaijan will be less, but also will be at appropriate levels.

On the other hand, for example, in the official report of the CJSC “Bakı metropoliteni”, we can observe that in 2016 revenue from advertising in the Baku underground was equal to 1,706 thousand manat. However, it is not reflected in the table above. We agree that due to various restrictions company didn’t earn anything from advertise in 2015, but they expanded the advertising platform in 2016. By the way, speaking about public transport, we can also consider the report of “Bakubus” LLC (their share in public transport of Baku is 10-15%), which earned from advertising 40.2 thousand in 2015, and already 139.7 thousand manat in 2016.

Diagram 1. Advertising in Media



The main sphere of advertising is mass media. In our case, the market made 25 million manat a year, and then in 2016 number reduced to 10.9 million manat. The greatest reduction happened in the sphere of TV advertising. In general, falling on this market can be explained by purely economic reasons – crisis in economy, transition of most of advertisers to social networks, etc. For example, on the basis of the report of ITV (public television), we can

observe that if Company in 2015 signed 27 advertising contracts for the total of 257.2 thousand manat, in 2016 the competition in the market of advertising became aggravated, and ITV earned only 50.9 thousand manat on 14 contracts. On the other hand, it worth understanding that according to one of the marketing companies, the share of this television makes only about 2%. Main role on this market is played by other TV companies. The largest seller of advertising is ATV. Along with it, one of the largest broadcasting companies was ANS TV (together with radio and the site), but in 2016 it was closed. Respectively the market of advertising lost at least 22% of the volume.

Table 2. The structure of TV-Advertising Market

Television	2015	1 part of 2016	Change
ATV	37%	29%	-8%
Xəzər	26%	28%	2%
ANS	20%	22%	2%
SPACE	11%	12%	1%
LİDER	3%	7%	4%
İTV	2%	2%	0%

As well as in all other spheres, one of the main players in the market of advertising is the State. Recently many various resolutions and the laws connected with regulation of this market were signed. So, for expansion of opportunities of the advertising market single tariffs for outdoor advertising are established, changes are made to the law on advertising, it is authorized to place in a certain degree advertising on architecture monuments, the Azerbaijani State Advertising agency created, etc. However, the majority of these measures happened in 2017. On the other hand, the state and various executive authorities also actively participate in the advertizing market.

Table 3. The role of the State on the Advertising Market (thousands manat)

	2012	2013	2014	2015	2016
State procurements	1519	1575	2140	1667	429
The earnings of municipalities	-	-	254	286	216

As we can see, on average expenses of state structures on advertising are estimated at 1.5-1.6 million manat a year. Thus, it is worth understanding that these are only direct government purchases of advertising as within the majority of projects advertising is also specified as one of points. And municipalities gain income from outdoor advertising.

Thus, we can see that the advertising market of Azerbaijan is not in its best shape. Advertising volume on TV and radio, the traditional markets, is reduced, and gradually everything passes into the Internet. However, as there the prices are significantly lower (\$1 for 2500 people), in total the market continues to be reduced and unfortunately to leave the statistical account. On the other hand, closing of ANS TV, devaluation of manat also strongly worked on this market. Most of sellers of advertising were compelled to reduce the prices that also didn't promote growth. In other words, now turns of the market fall. Further development should be connected only with the state measures which can positively affect its development.

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Р.Бабаева

Роль рекламы в экономике Азербайджана за 2012-2016 гг Резюме

После начала экономического кризиса в экономике Азербайджана, стали предприниматься определенные меры по развитию рынка. Одним из таких мер была поддержка развития рекламного рынка. Правительство внесло изменения в законодательство, создало специальный орган.

В связи с этим, автор попытался проанализировать текущее состояние данного рынка.

В работе был проанализирован рынок за последние 5 лет (2012-2016) и определены основные тенденции. Также были выявлены основные факторы, повлиявшие на изменение структуры рынка (заккрытие одного из телеканалов, переход рекламы в соцсети и т.д.). Автор пришел к выводу, что на современном этапе рекламный рынок переживает плохие времена.

R.Babayeva

2012-2016-cı illərdə Azərbaycan iqtisadiyyatında reklamın rolu

Xülasə

Azərbaycan iqtisadiyyatında böhranın başlanmasından sonra bazarın inkişafına dair bir sıra tədbirlər həyata keçirilməyə başladı. Dövlət dəstəyinə yiyələnmiş sahələrdən biri də reklam bazarı idi: qanunvericiliyə dəyişiklik edildi, xüsusi qurum yaradıldı. Buna əsaslanaraq, müəllif bazarın indiki durumunu təhlil etməyə çalışdı.

Məqalədə reklam bazarın son 5 il (2012-2016) üçün təhlil edildi və bazarda mövcud tendensiyalar müəyyən olunmuşdu. Eyni zamanda müəllif bazarın quruluşuna təsir edən əsas amilləri (bir telekanalın bağlanması, sosial şəbəkələrdə reklamın artması və s.) də nəzərdən keçirdi. Müəllifə görə, reklam bazarın indiki durumu çox zəifdir və azalan tendensiya ilə gedir.

Rəyçi: Samirə Məmmədova
iqtisadiyyat üzrə fəlsəfə doktoru