



PROMOTION OF CROATIAN WOOD INDUSTRY BRANCH


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In Croatia wood represents a significant raw material. The share of wood processing and furniture manufacturing in Croatian GDP was about 3 % in 2007. Domestic wood consumption in Croatia is over 3.4 mil m³ annually and in the year 2007 the revenues were over 1 bil Euros with over 25 thousand employees.

Industrial production indexes show significant decrease since 2007 until 2010. The same goes for wood processing and furniture manufacturing, since those are the first industrial branches which respond to any crisis, especially the global one. The main reason for that is the fact that wood processing and furniture manufacturing in Croatia are highly export oriented. So, any disturbances in global or European market have a significant influence on Croatian wood processing and furniture manufacturing.

Economic recession has strongly influenced the business results of companies in the last several years. We can notice its influence in all business fields, also in promotion activities of wood processing and furniture companies.



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According to EFFIE index, in the world 400 billion USD per year is spent on advertizing and promotional activities. That amount is increasing each year by 5 % at least. Large amount of that money is invested into advertizing and promotion activities on TV and printed media (newspapers, journals, magazines ...).

In Croatia most of the adverts are presented on TV, radio and in printed media, although other ways of promotion, such as billboards or brochures and flyers, cover significant share of market. At the moment the most successful promotions were those who cover several different ways of marketing, including social networks, such as Facebook.

This presentation will consider those promotion activities on TV and in printed media which were monitored by official agencies for monitoring the promotion covering in most exploited media in Croatia.



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Insertation is a number of broadcastings of particular advert on the TV channel.

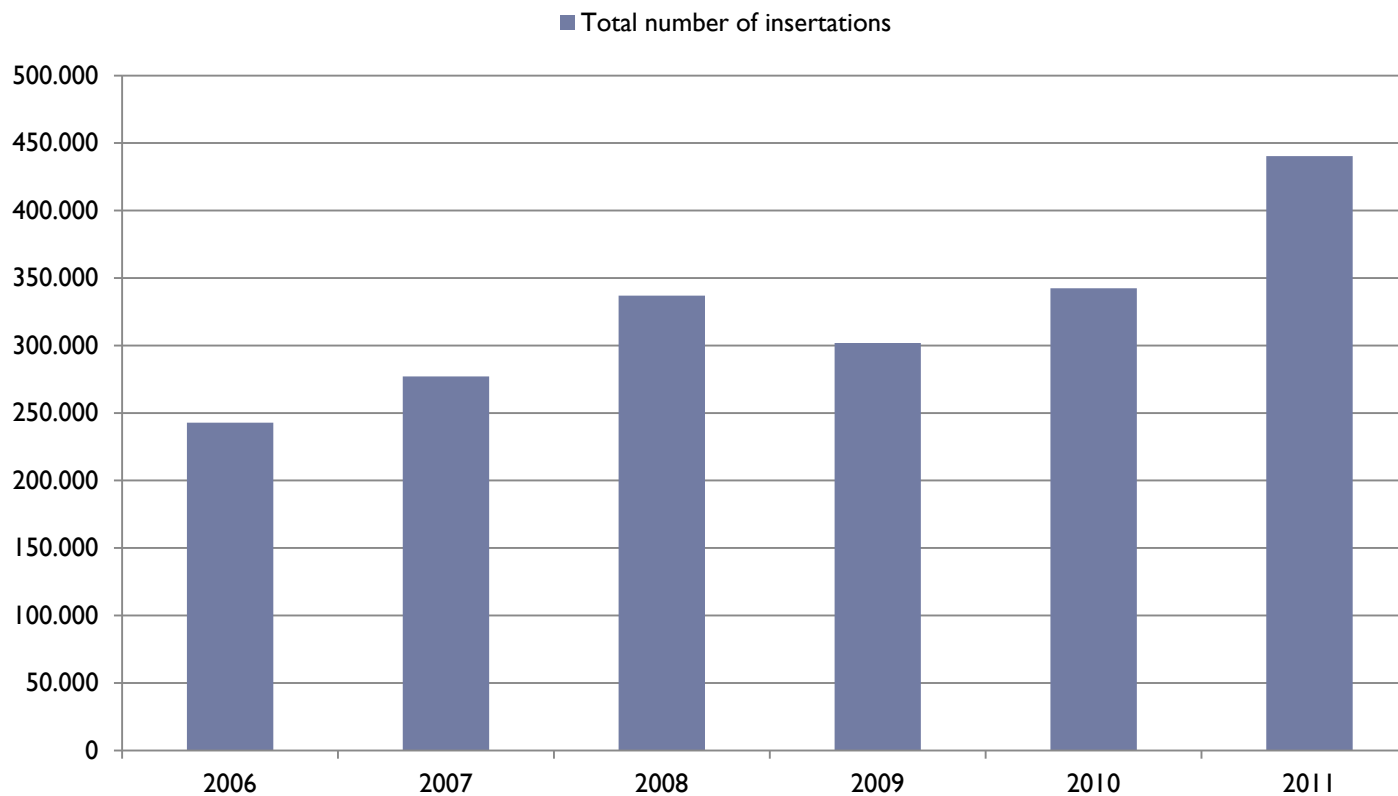
GRP index is which can be expressed as follows:

$$\text{GRPs} = \text{Reach} \times \text{Frequency}$$

where *Reach* is the number or percent of different homes or persons exposed at least once to an advertising schedule over a specific period of time, and *Frequency* is the number of times that the average household or person is exposed to the schedule among those persons reached in the specific period of time. Because it is an average frequency, dispersion of frequency of exposure will differ between specific schedules and daypart mixes.



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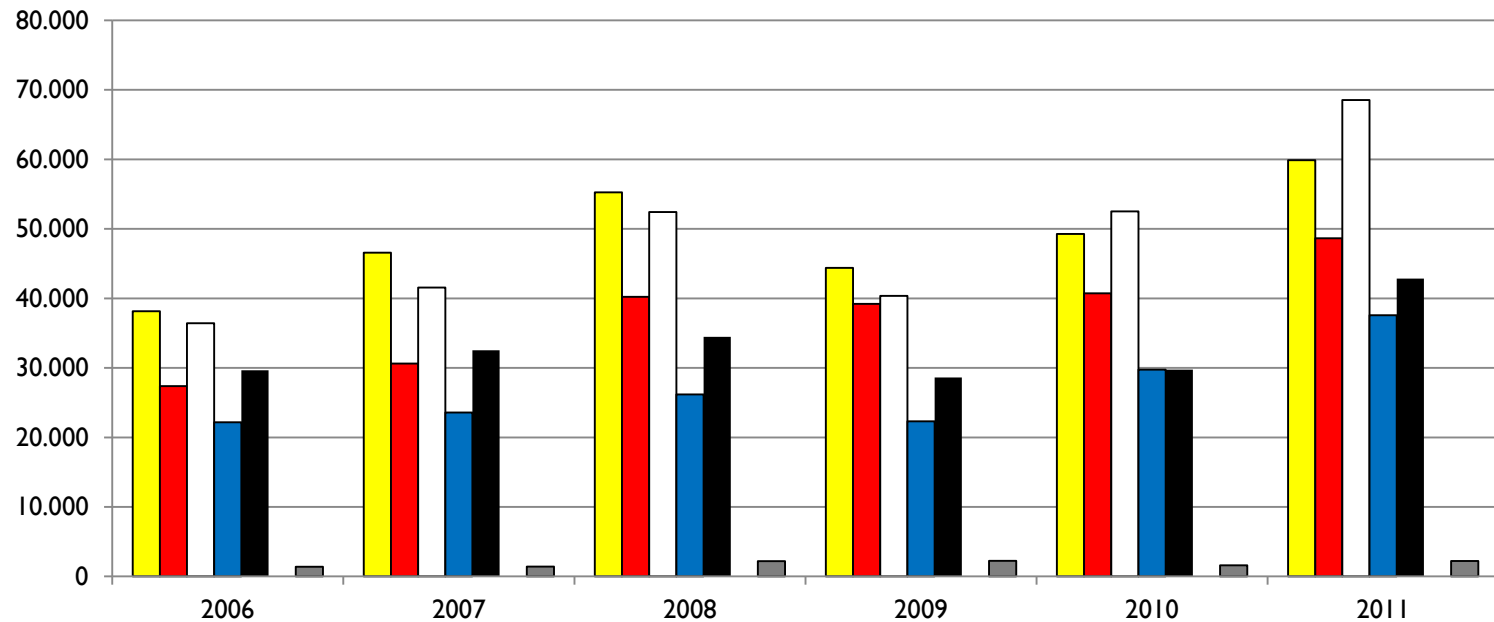
Total number of insertations for period 2006-2011

Source: AGB Nielsen



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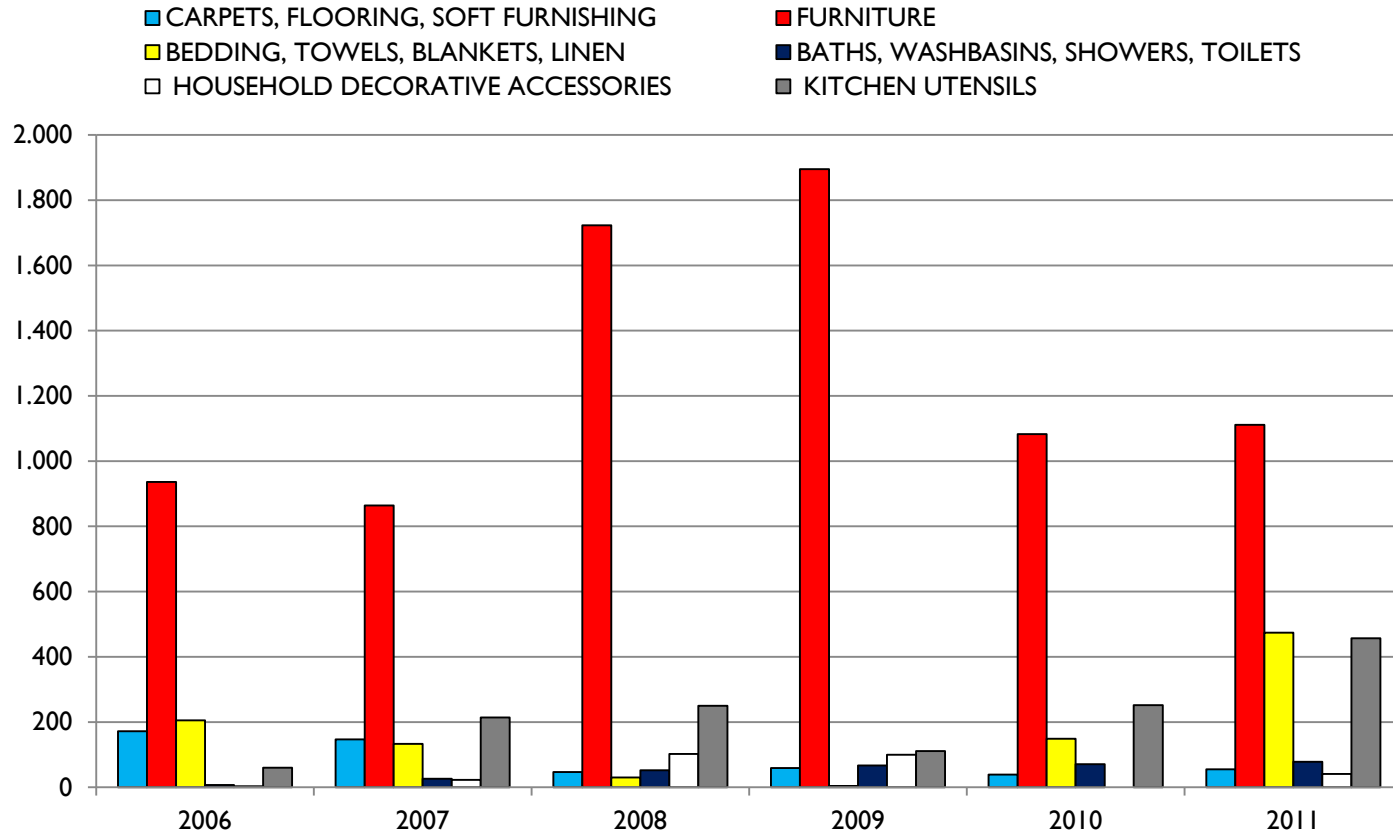
- PERSONAL / BODY CARE PRODUCTS
- COMMUNICATIONS - TELECOMMUNICATIONS
- FOOD
- BEVERAGES
- HOUSEHOLD CLEANING PRODUCTS
- FURNITURE, HOUSEHOLD APPLIANCES & HOUSEHOLD ACCESSORIES



Number of insertations of particular sectors in 2006-2011

Source: AGB Nielsen

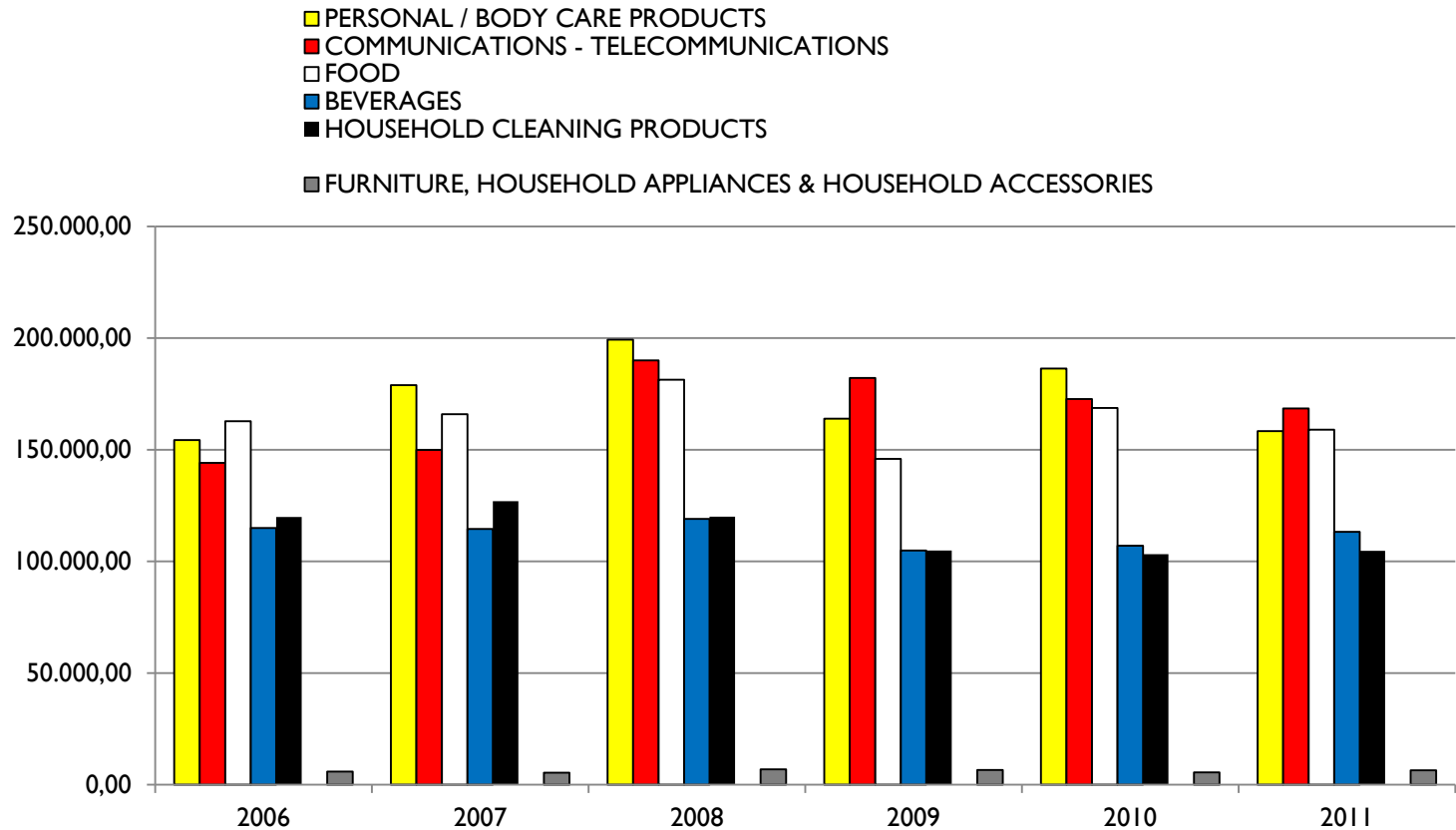
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Number of insertations for furniture in period 2006-2011

Source: AGB Nielsen

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GRP indexes for sectors in period 2006-2011

Source: AGB Nielsen

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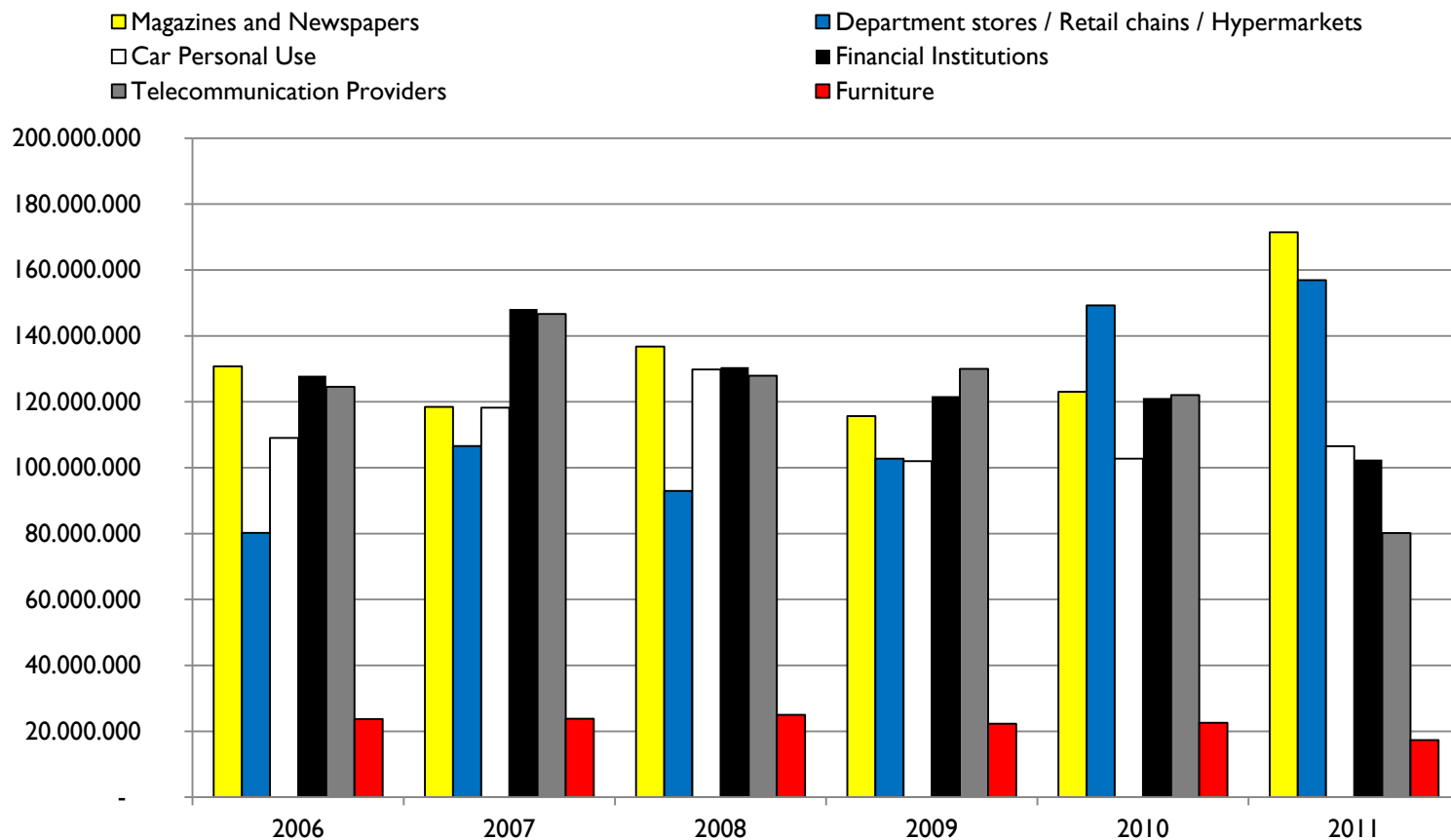
Printed media promotion activities were monitored not as number of adverts in all Croatian printed media, but as an amount of money invested in printed media for advertizing according to valuable price list in particular newspaper or journal.

Advertizing is not monitored by sectors, as on TV, but according to group of products or production programs. Therefore the data for printed media is different than data for TV, but never the less the state of promotion activities of wood processing and furniture manufacturing branch in Croatia can be observed. Following figure shows the share of financial assets invested to promotion in printed media by wood processing and furniture manufacturing and other branches.

Total amount of investments to promotion in printed media for the year 2006 was 1.315.215.437 HRK (cca. 179.062.687 €) and it was the smallest amount. In the year 2008 it was the highest and investments in promotion in printed media was 1.566.207.499 HRK (cca. 213.845.917 €).



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Investments to promotion in printed media by products

Source: IPSOS

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The share of wood processing and furniture manufacturing in the total investment to promotion in printed media is much higher than share of promotion on TV channels. For example, the share of promotion space on TV channels in the year 2011 (the smallest) was only 0,252 % for furniture, i.e. 0,503 for sector of furniture, household appliances and household accessories. The same share of promotion space on TV channels in the year 2009 (the highest) was 0,628 % for furniture and 0,741 % for the whole sector. In the same time, share of furniture adverts in printed media in the year 2011 (the smallest) was 1,129 % and for the whole sector it was 1,765 %, which is much higher than on TV. The highest share furniture had in the year 2006 and it was 1,803 %, and that share for the whole wood processing and furniture manufacturing sector it was 2,825 %.



CROATIAN WOOD PROCESSING AND FURNITURE MANUFACTURING COMPANIES PROMOTIONAL ACTIVITIES IMPROVEMENT

Conclusion

It is obvious that the industrial branch such as wood processing and furniture manufacturing deserves a better place in the promotion business of Croatia. Especially on TV channels, since there is a saying “if it is not on TV, it doesn’t exist”.

The main problem for promotion of wood products in Croatian media is lack of working capital, so wood processing and furniture manufacturing companies decide to invest it into something else instead of promotion activities. Second reason is lack of lobby which would promote wood processing and furniture manufacturing as an environmentally friendly industry. Wooden clusters could and should improve that by making joined actions in that direction. The battle between wooden clusters and PVC lobby regarding joinery (windows especially) is very hard and PVC is winning at the time. But that should be changed fast and soon. One more way to improve it is for companies to get together in cluster based on production program and not regionally, so they could act together in promotion activities. Especially, it would be good toward promotion on TV, since it is much more expensive than promotion in printed media.



Thank you for the attention !!!

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