



# Impact of the Ukrainian Crisis on Investments in Online Market in Slovakia

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**Abstract:** *This article provides a comprehensive analysis of the impact of the Ukrainian crisis on investments in marketing and the online market in Slovakia, in the context of the largest military conflict in Europe since World War II. Given the changing perception of normality in society and the significant impact of economic sanctions against Russia by the EU and the US on the global macroeconomic picture, the paper focuses on the Slovak online market as a relevant case study.*

*The article first examines the current state of the online market in Slovakia and the influence of political and economic factors on its development. It is analyzed how economic sanctions and geopolitical tensions, directly and indirectly, affected the business of Slovak companies in various segments.*

*In the second part of the paper, the needs and opportunities for the improvement of the online market in Slovakia are reviewed, taking into account the current challenges and uncertainties.*

*As the main goal of this work, the author wants to show how the current crisis, caused by the events in Ukraine, can be successfully overcome by adapting the market to the new rules of business, using the experience and knowledge gained during the crisis years during the Covid-19 pandemic. The paper ends by summarizing the key conclusions and provides recommendations for further development of this topic, to encourage experts, researchers and decision-makers to work together to solve the challenges brought about by the Ukrainian crisis.*



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## 1. INTRODUCTION

Thanks to the increasing penetration of the internet and the widespread use of smartphones and other digital devices, the online market in Slovakia has experienced significant growth over the past few years. This growth has led to a shift away from traditional media, such as print newspapers and magazines, towards digital media consumption.

The media market in Slovakia can be described as a collection of all existing and potential customers who purchase certain products and services. An industry represents a group of companies that provide a product or category of products that are close substitutes. This includes all products and services offered on the market (Kotler, 2004).

Slovakia's online media market is characterized by a combination of local and international subjects, including news portals, social media and digital marketing agencies. The main Slovak news portals are [SME.sk](#), [Aktuality.sk](#), [Denník N](#), [TVNoviny.sk](#) and [Topky.sk](#) which offer a mix of general news, sports, entertainment and lifestyle (IABmonitor, Gemius Audience, 2022). Besides them, there are also international platforms like Google, Facebook and YouTube – which also have a significant presence in the market.

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Digital advertising is becoming more and more important in Slovakia, as companies recognize the potential for targeting specific groups and measuring the effectiveness of their campaigns through online platforms. Digital marketing agencies in the country offer a variety of services such as search engine optimization (SEO), social media marketing, content marketing, and pay-per-click advertising.

However, since the beginning of the crisis in Ukraine, the online market in Slovakia is also facing challenges, such as the spread of misinformation and fake news on social media platforms. This has led to an increased emphasis on media literacy and the importance of promoting reliable sources of information. One of the biggest challenges for the online market in Slovakia, but also in the whole world, was the crisis caused by the Covid-19 pandemic, which has not yet ended, and we already have a crisis caused by the events in Ukraine. The current events in Ukraine can be called a humanitarian disaster that has a noticeable negative impact on both the Slovak and European economies and brings an increased level of uncertainty (Národná banka Slovenska, *Vojna a dopady na ekonomiku*, 2022).

The beginning of 2022 was a challenging period for employees in positions of marketing experts. On the one hand, companies exerted significant pressure on the suspension of communication, i.e. the reduction of investment in advertising. On the other hand, marketers were faced with the imperative of finding the most effective methods and channels of communication to ensure the survival of companies while minimizing losses in the market. In this context, the analysis of adaptation and innovation in marketing strategies provides a deeper insight into the evolution of the industry and contributes to the understanding of the key factors for success in turbulent times.

## 2. RESEARCH GOAL

The primary goal of this research is to demonstrate the potential for market development even in the context of a global crisis, such as the largest military conflict in Europe since the end of World War II. This paper was written to contribute to the development of this topic in the European context. To achieve such a goal, it is necessary to clarify concepts, research successful examples from practice on the Slovak market, present solutions and provide recommendations for future market development.

The research goal of this paper is to analyze the current state of the market and the factors that affect the entire online market in Slovakia. Also, this paper intends to examine the obstacles, needs and potential opportunities arising from a quick reaction and adaptation to market demands in the crisis that has affected the whole world, and especially Europe.

Hopefully, this analysis will serve as a basis and stimulus for the development of new strategies that will be applied and later implemented in practice. Along with summarizing the conclusions and recommendations, this research aims to contribute to encouraging further development of this topic in an academic context.

## 3. METHODS AND METHODOLOGY

The research presented in this paper was carried out using a wide range of scientific methods and procedures. In the first part, I analyzed the current state of the market in the period from

the first half of 2021 to the first half of 2022, using data obtained from the company IAB Slovakia (2022). Additionally, statistical data publicly available on the official website of the National Bank of Slovakia was analyzed. In this research, a joint study carried out by ČSOB bank and the research agency Datang was also analyzed.

The methodology includes the identification of research assumptions, as well as the methods and sources used in the work. The results were obtained as part of the main analysis through comparative and descriptive analysis. Based on this, a list of recommendations has been compiled that can be useful for future research and development on this topic.

#### 4. THEORETICAL BACKGROUND

The media space (traditional media) plays a key role in our daily life. Apart from the media space, we must also take into account the cultural space as a symbol of the social environment, and the cyberspace that includes new digital and mobile media, including platforms and virtual space. All these spaces influence the type of information we will encounter, and the way we will spread, store and apply it. The media space affects the distribution of information to individuals and the way they interpret it, while the social and cultural space functions as a virtual gateway that allows access to information (Šoltésová, 2016).

In the first half of 2022, the Slovak online market amounted to about 87 million euros. When compared to the same period of the previous year marked by the Covid-19 pandemic, a 10% increase was recorded (IAB, *Výdavky do internetovej reklamy za polrok*, 2022).

**Table 1.** Spending in online advertising 1HY 2021 vs 1HY 2022

Ad Format	1HY 2021	1HY 2022	% Change
Non video display	30 256 737 €	31 331 893 €	3,60%
Paid for search	17 550 986 €	19 306 085 €	10,00%
Video display	16 027 187 €	16 715 979 €	4,30%
Classifieds and directories	9 290 618 €	11 706 740 €	26,00%
Native	4 103 694 €	4 568 782 €	11,33%
Other	1 463 121 €	3 264 653 €	123,13%
- affiliate advertising	N/A	1 900 128 €	N/A
- digital audio advertising	425 283 €	744 481 €	75,00%
<b>TOTAL:</b>	<b>78 692 343 €</b>	<b>86 894 132 €</b>	<b>10,42%</b>

The growth achieved in the Slovak market in the first six months of 2022 can be considered satisfactory, especially taking into account the forecasts for the European market. If we consider the geopolitical situation in the world, the military conflict in Ukraine has brought uncertainty to the entire European region, which means that companies are becoming more cautious when it comes to investing in marketing. As a result, we have a slowdown in the growth of investments in online advertising. The reason for the slower growth of advertising in Slovakia is the reduced advertising budgets of the state administration, the significantly lower growth of multinational companies compared to the previous period and the saturation of the market with video advertising by Slovak media companies. In order to increase publishers' income, it is necessary to provide additional media space. However, its production and/or implementation can be relatively expensive. It is assumed that this will be the biggest challenge for Slovak publishers in the future, considering that video advertising is globally considered a key factor for the potential growth of the overall online market.

From the table, we can see that different formats contributed to the overall growth of the market in the first half of 2022. Formats such as Classifieds and directories with an increase of 26%, search with an increase of 10% and native advertising with an increase of 11% contributed the most to this growth. In terms of percentages, the highest growth was recorded by audio advertising, as much as 75%, but in absolute numbers, it still did not exceed the figure of 1 million euros per year. If we look at display advertising, here we have a growth of 3.60%, which is the lowest recorded growth of all formats, however, in absolute numbers, display advertising has the largest share in online advertising.

## 5. EXAMPLE

85% of entrepreneurs in Slovakia felt the consequences of the war in Ukraine

The research, the consequences of the war in Ukraine felt by 85% of entrepreneurs in Slovakia, was carried out by the company ČSOB Bank and the research agency Datank in a representative survey where 300 companies of different sizes were included (ČSOB, 2022).

In the aforementioned analysis, only 15% of companies did not feel the consequences of the conflict in Ukraine on their business. In contrast, more than 50% of companies expressed a moderate to severe impact of the war on their business.

Among the surveyed industries, the transport and warehousing sector was the most affected, where only 9.1% of the surveyed representatives managed to continue their activities, while the other 36.4% reported very significant negative effects. Entrepreneurs in the field of agriculture, forestry, fishing, as well as accommodation and hospitality services also critically assess the situation. On the other hand, companies operating in the IT and communications sector reported the least consequences, which is expected given the nature of their activities.

## 6. CONCLUSION AND RECOMMENDATIONS

This paper aimed to review the current state of the online market in Slovakia. The overall economic and geopolitical events in the world also have an impact on the development of the online market in the Slovak Republic. The current situation has been reflected in the change in consumer behavior and the increased focus on corporate social responsibility. In order for companies to successfully face these challenges, it is necessary to adapt marketing strategies to new market conditions, take advantage of innovations and develop the credibility of their campaigns. In the future, the development of investments in online advertising in Slovakia will depend on several factors, including the stabilization of the geopolitical situation and the ability of companies to adapt to new market conditions.

During the research and analysis of data from available sources, I concluded that the online market did not behave in accordance with the expectations that there would be an assumed drop in income. On the contrary, the growth of the online market in Slovakia since the beginning of the crisis in Ukraine in the first half of 2022 compared to the same period in 2021 was recorded as much as 10.42%.

If we analyze the research conducted jointly by ČSOB Bank and the research agency Datank, we come to know that in the first months of the crisis in Ukraine, the state did not adequately

and timely respond to all challenges and provided adequate financial assistance to companies. This led to a situation where as many as 85% of companies felt the consequences in their operations due to poor engagement or rather non-engagement of the state.

Based on the conducted analysis, I would like to propose several key steps that are of crucial importance for the continued growth of the online market in Slovakia. It is recommended that the Government of the Slovak Republic intensify communication with small and medium-sized enterprises, providing timely financial support or various tax incentives. Such measures can significantly contribute to the improvement of the entire online market in the country.

One of the most important recommendations is that the entire segment of the online market should focus more on local companies in this year of crisis, and with that help local companies to invest more money in advertising, which would probably lead to an even greater increase in the online market in Slovakia.

Based on previous experiences with various crises, which arose as a result of the COVID-19 pandemic, I recommend that leading companies in Slovakia engage and support the development of the local online market. To achieve this, companies should redirect part of their advertising budgets, otherwise allocated to global platforms such as Facebook, Google and YouTube, to local media companies, which would encourage the expected growth of the overall market.

I hope that this paper will serve as an incentive and inspiration for the development of new strategies, plans, and contribute to further progress in the research on this topic.

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