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REZUMAT TEZĂ DE DOCTORAT

**A MICROECONOMIC ANALYSIS OF THE ROMANIAN ONLINE  
ADVERTISING MARKET: TOWARDS MORE FAIR VALUE SHARING?**

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## Executive summary

Romania's online advertising market is experiencing significant growth and dynamism. However, no in-depth research has ever been conducted onto its functioning from a micro-economic perspective. The knowledge gap is significant and has been signaled by both scholar and industry professionals. As online advertising makes use of high-tech, algorithm-driven advanced media trading software, requiring a high degree of technical knowledge, the steep learning curve have deterred many a scholar. At the same time, the on-purpose lack of transparency of the main market players, especially AdTech companies, make such an analysis a significant challenge. This created the above mentioned sizeable research gap that we aim to fill. In doing so, we make use of hitherto unpublished data, obtained through the gracious help of key industry leaders, as we reveal, for the first time, the market's main economic indicators, trends and dynamics and we critically analyze its functioning, with a focus on the workings of the free competition.

The thesis's original contribution stems both from the fact that it is the first in-depth analysis of this market, and from the fact that it is trans-disciplinary research, that makes use of yet to be made publicly available primary data, insights from industry leaders and a rigorous technical analysis of the advertising technology that fuels the media trading process, the very core of the market. At the same time, the findings of this thesis have implications that extend way beyond the field of economics *per se*. One example is journalism, as the economic impact of the online advertising market's functioning has a direct influence on the industry's financing capabilities and, ultimately, on the very quality of journalistic activities of Romanian media publishers.

Over the past two decades, the Romanian online advertising market's turnover has increased more than twentyfold, driven by technological advancements, nationwide economic progress, and expanding investments from e-retail players. This growth was particularly accelerated during the COVID-19 pandemic, and although a minor correction occurred post-pandemic, the market's growth prospects remain strong. The expansion of the online advertising market has significantly contributed to the historical decline of the print advertising market in Romania.

The rise of e-commerce in Romania has led to the establishment of numerous e-shops and a significant increase in the average online advertising spend per internet user. This growth has also fueled the emergence of online advertising agencies, which assist advertisers and, to a lesser extent, publishers in improving their results. However, the complexity of these media trading algorithms makes it challenging to critically analyze the

market's dynamics. The operations of the main players in the market are shrouded in mystery, compounded by the technological complexity mentioned earlier. This lack of transparency is a deliberate choice, particularly by Google and Facebook, contributing to a high degree of platform dependency for both publishers and advertisers. There is a significant imbalance in negotiating power between the supply side (Romanian online publishers) and the demand side (advertisers), as well as between these groups and market intermediaries (Google and Facebook). The market has evolved within a context of weak legislative regulation by both the Romanian state and international bodies. This situation is not unique to Romania, as the internet developed within a unique international context of lax legislation. Consequently, the lax regulatory framework has enabled internet advertising to expand exponentially over the past three decades.

However, the free market's functioning has been impaired by the growth of fully integrated media trading supply chains, primarily dominated by Google and Facebook, leading to the formation of a duopoly. The significant imbalance in negotiating power between the supply side (online publishers) and the demand side (advertisers), as well as between these groups and market intermediaries (Google and Facebook), implies that independent online publishing in Romania lacks a viable economic model. This finding creates long-term societal issues, erodes public trust, and weakens democratic governance mechanisms. The deficiencies that plague the market create a fertile ground for abuses, some of which have been highlighted in this report. The playing field is not level, conferring unjust advantages to certain players and impairing the free market. The market's ability to self-correct is low, and in the absence of strong state intervention, the problems that afflict it will likely persist for the foreseeable future.