



ANNUAL TV ADVERTISING MARKET REPORT - 2022

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INTRODUCTION

For building a democratic society in Georgia, it is important that independent and critical media function in an orderly manner. Financial viability is one of the indicators and guarantors of the editorial independence of the media. Against the background of a polarized media environment, ensuring the financial sustainability of the media is one of the main challenges.

From year to year, a considerable part of the revenue of the broadcast media is the advertising revenue, which has been affected by unstable and/or polarized political environment, legislative interventions and influence of various political parties for the past 30 years. Since the time Georgia regained independence, it has been impossible to form a healthy and self-sufficient system of funding of the media. One of the reasons for this is the scarce advertising market.

Transparency International Georgia observes the advertising market on an annual basis. The present report highlights the trends on the advertising market in 2022.

1. MAIN FINDINGS

The analysis of broadcasters' revenues has highlighted the following:

The dynamics of advertising revenues of TV stations: The advertising revenue of TV stations had **increased every year** since 2019. However, in 2022, this trend of growth reversed, and the advertising revenue of TV stations **decreased** by almost **8% - to GEL 73.6 million**.

The chilling effect of law: The decrease in advertising revenues was largely caused by the ban on gambling advertisements imposed from the second quarter of 2022. In 2022, the advertising revenue received by broadcasters from gambling decreased almost four times (**by GEL 13.1 million**) compared to the previous year and amounted to **GEL 4.8 million**.

The dynamics of the total advertising revenue: The total advertising revenue of TV and radio broadcasters **decreased by 7.6%** compared to the previous year. The advertising revenue of TV stations alone **decreased by 7.8%**.

Advertising expenses of political parties: In 2022, more than half of the amounts spent by political parties on political advertisements – **GEL 688.3K** – was spent by the ruling Georgian Dream party. In total, last year, political parties spent **GEL 1.1 million** on advertising, from which only **GEL 21,040** (up to 2%) was spent on TV advertisements.

The expenses on **paid social advertisements** amounted to **GEL 362,878**. A large part of this amount, **GEL 269.9K**, was directed to pro-government broadcasters (POSTV, Media Holding/Rustavi 2).

Distribution of advertising revenues in TV stations:

- Similarly to the previous year, **Imedi Holding** received the biggest part of the advertising revenues (**GEL 27.329,246**), which is **37.1%** of the total advertising revenues of television broadcasters.
- Similarly to the previous year, the Public Broadcaster had an increasing dynamics of advertising revenue. In 2022, the broadcaster's revenue from advertising increased almost by GEL 700,000 and reached **GEL 3.1. million**.
- Compared to the previous year, the advertising revenue of POSTV TV station also **increased (by GEL 0.1. million - to GEL 4.8 million)**. In **2021**, the channel had received **GEL 4.7 million** from advertising.

Owners' donations: The amounts donated by the broadcasters' owners also occupy a considerable place in the broadcasters' revenues. In 2022, the broadcasters received **more than GEL 10 million** in total from their owners.

Total revenues: From private TV stations, the biggest total revenue (including advertising revenues, donations, etc.) was received by Formula (GEL 35.7 million) and Imedi Holding (GEL 27.4 million).

Broadcasters' revenues, expenses and losses: None of the five TV stations that receive the biggest revenues from broadcasting (Imedi TV, Mtavari Arkhi, Formula, TV Pirveli and Media Holding) made a profit in 2021, and they again ended the year with losses. The biggest loss - **GEL 27.2 million** - was suffered by the Formula TV station. The study has shown that the expenses of all the five TV stations considerably exceed their revenues.

2. METHODOLOGY

In the advertising market study, we have selected the methodological approach of non-field/desk research. The analysis is based on the open-source information found on the platform of the Communications Commission and on the Reporting Portal. The analysis of the advertising market of 2022 was traditionally conducted in the following year, 2023, after the official data of the advertising market of 2022 became available on the platform of the Communications Commission.¹ When processing information, we used the comparative analysis method according to years, broadcasters, and categories of revenue.

The analysis is based on the observation on those 10 categories of revenues of the broadcast media that the Communications Commission relies on in its reports. These categories are as follows:

1. Advertising (including commercial advertising, sponsorship, teleshopping, product placement, and announcements);
2. Paid social advertisements;
3. Revenue from web banners;
4. Donations by broadcasters' owners or other persons;
5. Sale of air time;
6. Technical services;
7. Archive rental;
8. Public funding;
9. Other non-broadcasting revenue (e.g., loans, grants);
10. Other broadcasting revenue (e.g., interactive).

The study also includes an analysis of revenues and expenses.

Selection of broadcasters: For the analysis, we selected those data of the six leading broadcasters that contain the revenues and expenses of 2022. The specific broadcasters were selected according to the amount of revenues and access to the audience, which is based on the results of public opinion surveys (opinion polls conducted by the NDI² and the IRI³).

The broadcasters selected for the study are as follows: Imedi TV station, Formula TV station, Mtavari Arkhi TV station, TV Pirveli, Rustavi 2 TV station, and Channel 1 of the Public Broadcaster. In addition, we examined the revenues of the POSTV, Obiektivi, and Alt-Info TV stations, as, according to preliminary observation, the said platforms disseminate an openly anti-Western rhetoric and it's important to observe their financial situation.

The information on **expenses and losses**, which was published at the end of 2022, covers the reporting period of 2021. The data of 2022 will become available at the end of 2023.

1 2022 Annual Report of the Communications Commission, accessible at: <https://comcom.ge/uploads/other/11/11972.pdf> (accessed on 19/06/2023); the report is available in Georgian at the following link: <https://www.comcom.ge/uploads/other/11/11728.pdf>;

2 National Public Opinion Survey of Residents of Georgia, March 2023, International Republican Institute (IRI), published on April 25, 2023. Accessible at: <https://www.iri.org/resources/national-public-opinion-survey-of-residents-of-georgia-march-2023/> (accessed on 10/09/2023)

3 Taking Georgians' pulse: Findings from March 2023 telephone survey, May 2023, National Democratic Institute (NDI and CRRC Georgia). Accessible at: https://cdnq.us1.myspdn.com/atsdpid1d6u5cm4j61kro6gh/wp-content/uploads/2023/05/NDI-Georgia_March-2023-telephone-poll_Eng_PUBLIC-VERSION_FINAL_03.05.pdf (accessed on 10/09/2023)

3. ANALYSIS

In 2022, the total advertising revenue of TV and radio broadcasters **decreased by 7.6%** compared to the previous year of 2021 and **amounted to GEL 79.9 million**. The revenue received by TV stations specifically from advertising also **decreased by 7.8% - to GEL 73.6 million**. This happened against the background when **67.5%** of the total broadcasting revenue of television broadcasters came precisely from advertising and sponsorship.

Last year, the biggest part of the advertising revenues - **GEL 27,329,246** - was traditionally received by **Imedi Holding**. Mtavari Arkhi ranked second with **GEL 10,055,591**, and **Media Holding** ranked third with **GEL 9,016,569**. In 2022, the advertising revenue of the Public Broadcaster was **GEL 3.1. million**, which exceeds the figure of 2021 by almost **GEL 0.7 million**.

Unlike the advertising revenue, in 2022 the total revenue of broadcasters **increased considerably** compared to 2021 and reached **GEL 281.4 million**. The increase was largely caused by the amount received from the sale of the building of the Public Broadcaster (**GEL 65.1 million**).

Among private TV stations, the largest total revenue (advertising revenue, donations, etc.) - **GEL 35,675,920.17** - was again received by the Formula TV station; about 83% of this sum (**GEL 29,460,667.90**) is an amount that the channel received as a loan from Davit Kezerashvili, the owner of a [26% stake](#) in the broadcaster.

Formula TV is followed by Imedi Holding with a total revenue of **GEL 27,411,492**. Unlike Formula, almost the entire revenues of Imedi TV - **GEL 27,329,246** - come from advertising. The Mtavari Arkhi TV station comes third with a total revenue of **GEL 10,503,814**.

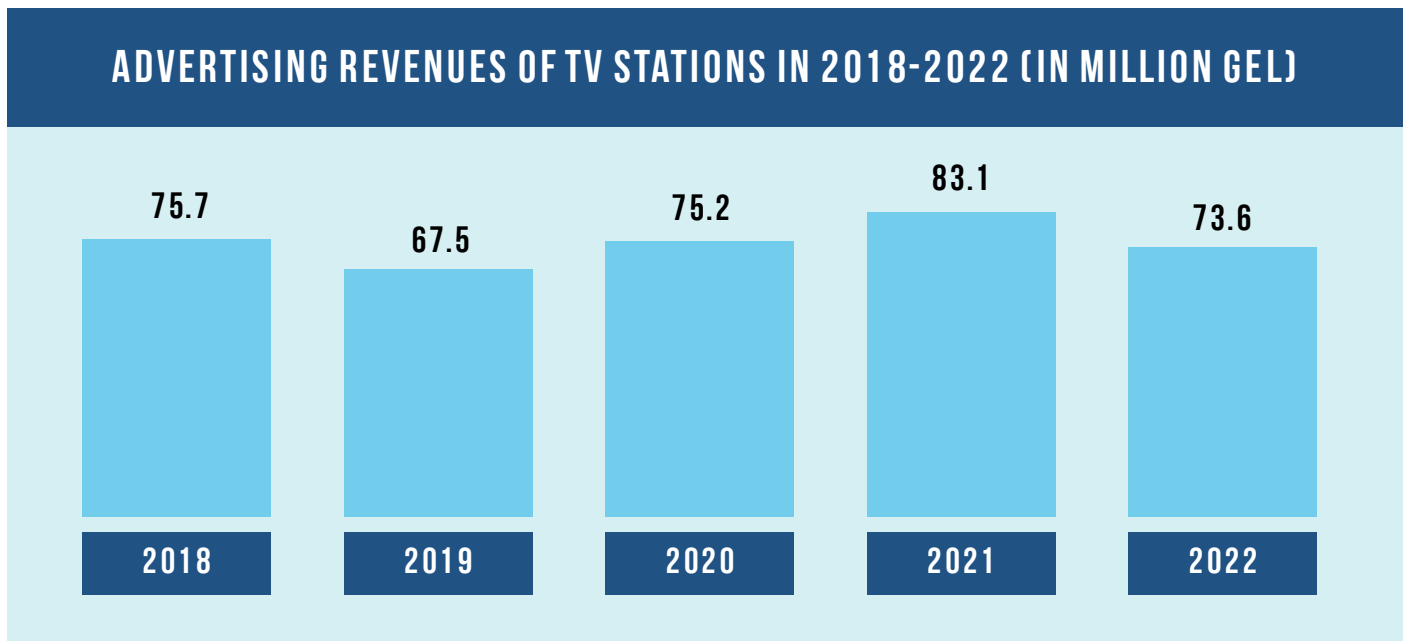
In 2021, none of the five TV stations that receive the biggest revenues from broadcasting (Imedi TV, Mtavari Arkhi, Formula, TV Pirveli, and Media Holding) made a profit, and they again ended the year with losses. The Formula TV station saw the biggest loss - **GEL 27.2 million**. The expenses of all the five TV stations exceed their revenues to a considerable extent.

In 2022 too, more than half of political advertisements - those worth **GEL 688.3K** - were placed by the ruling Georgian Dream party. Last year, social advertisements worth **GEL 362,878** in total were placed in broadcasters. A large part of the amount - **GEL 269.9K** - was directed to broadcasters loyal to the authorities.

3.1. TOTAL ADVERTISING REVENUES

From 2019, the advertising revenue of TV stations **rose every year**, although in 2022 the tendency of growth changed and the revenue received by broadcasters from advertising decreased **by almost 8%**. The drop in the advertising revenues was largely brought about by the ban on gambling advertisements from the second quarter of 2022. In 2022, the revenue received by broadcasters from gambling advertisements decreased almost 4 times (**by GEL 13.1 million**) compared to the previous year and amounted to **GEL 4.8 million**. In 2021, this figure had amounted to **GEL 17.9 million**. The dynamics of the total advertising revenues is shown in **Figure 1**.

Figure 1: Total advertising revenues in the years 2018-2022



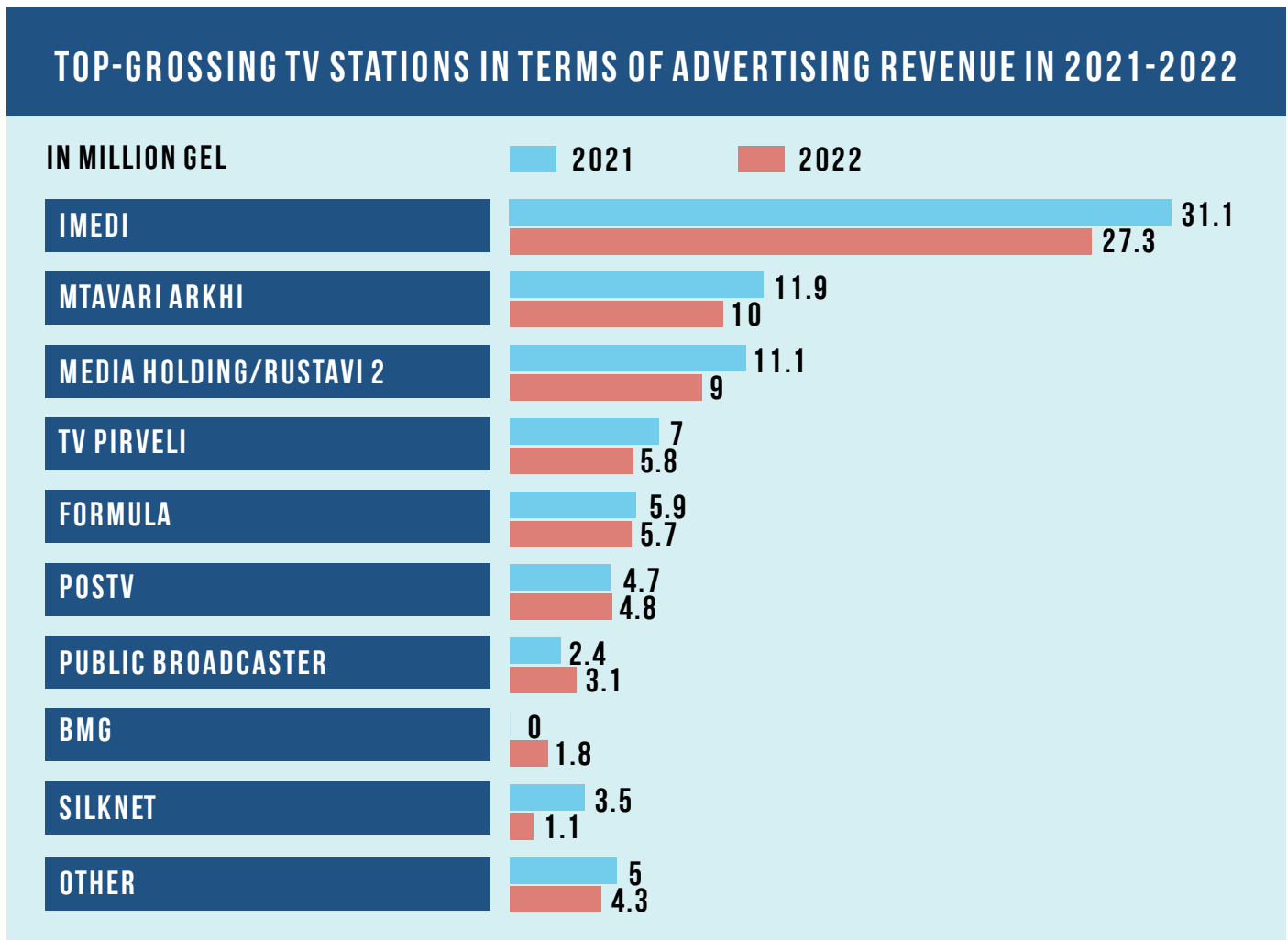
Source: Communications Commission

Despite the fact that the ban on gambling advertisements had a negative effect on the advertising revenues of broadcasters, according to the Communications Commission, to some extent, the considerable increase in the number of advertisers from quarter to quarter is giving a positive effect. In the medium term, the Commission expects that the negative effect will be overcome if the existing trend continues.

3.2. ADVERTISING REVENUES ACCORDING TO TV STATIONS

Similarly to the previous years, in 2022, the most advertising revenues were again received by Imedi Holding. The Mtavari Arkhi TV station again ranks second, while Media Holding/Rustavi 2 ranks third. **Figure 2** shows the distribution of advertising revenues according to TV stations.

Figure 2: Distribution of advertisements according to TV stations



Source: Communications Commission

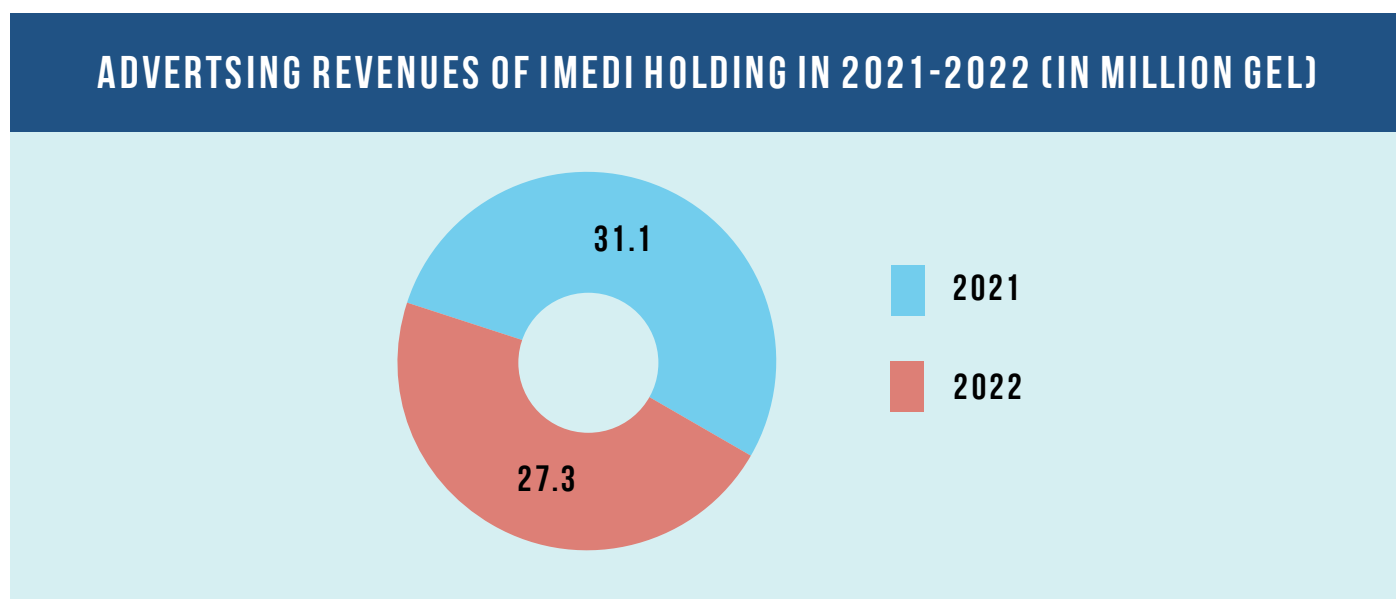
We are going to give separate reviews of broadcasters that receive an advertising revenue of GEL 5 million and more.

3.2.1. IMEDI HOLDING

Imedi Holding brings together the following TV stations: Imedi TV, Studio Maestro, and GDS. In 2022, the most advertising revenue – **GEL 27,329,246** – was again received by Imedi Holding, which is **37.1%** of the total advertising revenues of television broadcasters. Of this amount, **GEL 25,090,988** is an advertising revenue of Imedi TV, **GEL 1,921,963** – of GDS, and **GEL 316,295** – of Studio Maestro. The analysis of revenues shows that a big part of the revenues of Imedi TV comes precisely from advertising. However, last year, in parallel with the decrease in the total revenues of TV stations, the advertising revenue of Imedi TV also decreased **by GEL 3.8 million**.

In 2021, the holding had received **GEL 31.1 million** from advertising. A comparative analysis of the advertising revenues of Imedi Holding is given in **Figure 3**.

Figure 3: Advertising revenues of Imedi Holding in the years 2021-2022

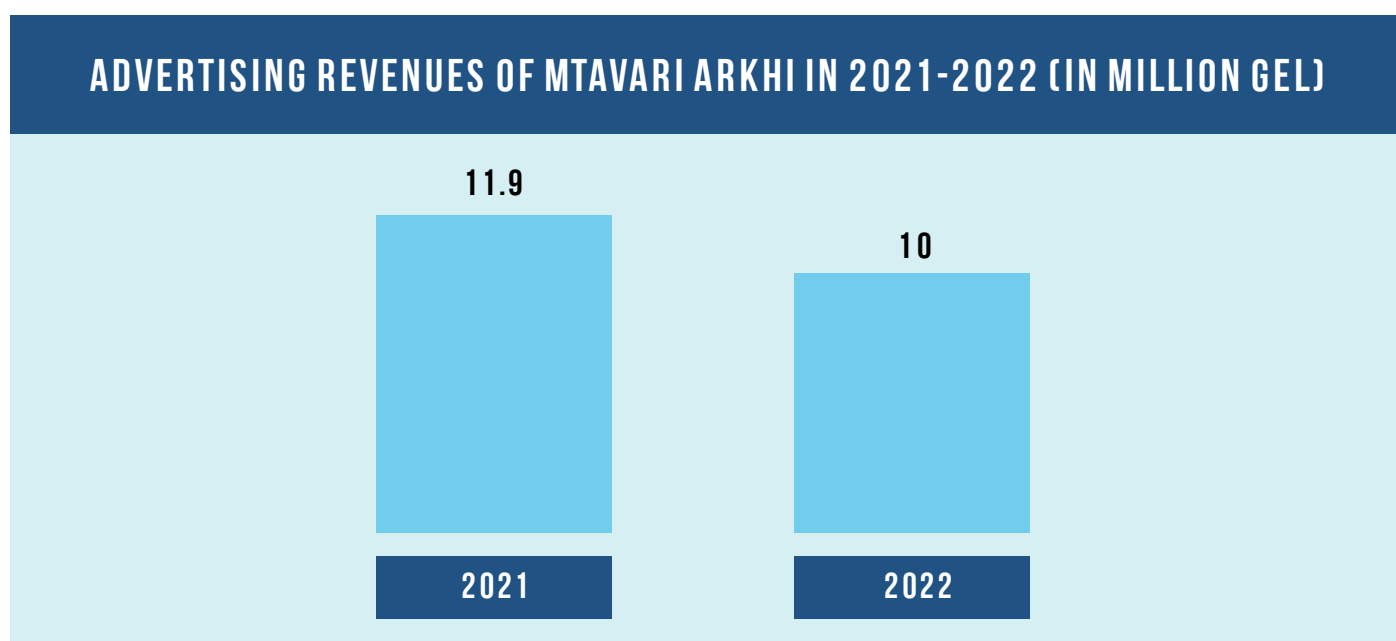


Source: Communications Commission

3.2.2. MTAVARI ARKHI

In 2022, the total advertising revenue of Mtavari Arkhi also decreased **by GEL 1.85 million (to GEL 10,055,591)** compared to 2021. However, a significant decrease was observed in the category of commercial advertising and, compared to 2021, this figure has halved. In 2022, the channel received commercial advertisements worth **GEL 5,832,536.53**, while 2021, this figure had equaled **GEL 11,606,873.31**. The decreasing dynamics in advertising revenues is shown in **Figure 4**.

Figure 4: Advertising revenues of Mtavari Arkhi in the years 2021-2022

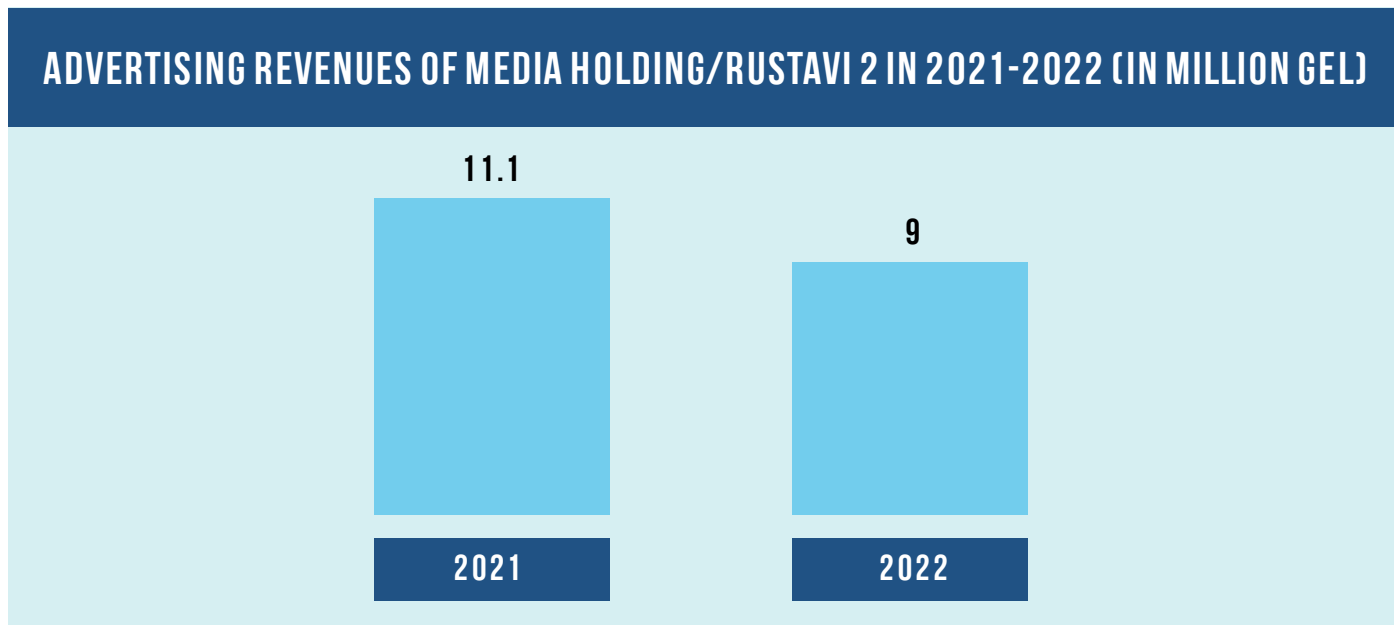


Source: Communications Commission

3.2.3. MEDIA HOLDING/RUSTAVI 2

In 2022, the advertising revenue of Media Holding/Rustavi 2 also decreased **by GEL 2.1 million**. In 2021, the holding had received **GEL 11.9 million** from advertising, while in 2022, this figure amounted to **GEL 9,016,569**. The decreasing dynamics is shown in **Figure 5**.

Figure 5: Advertising revenues of Media Holding/Rustavi 2 in the years 2021-2022

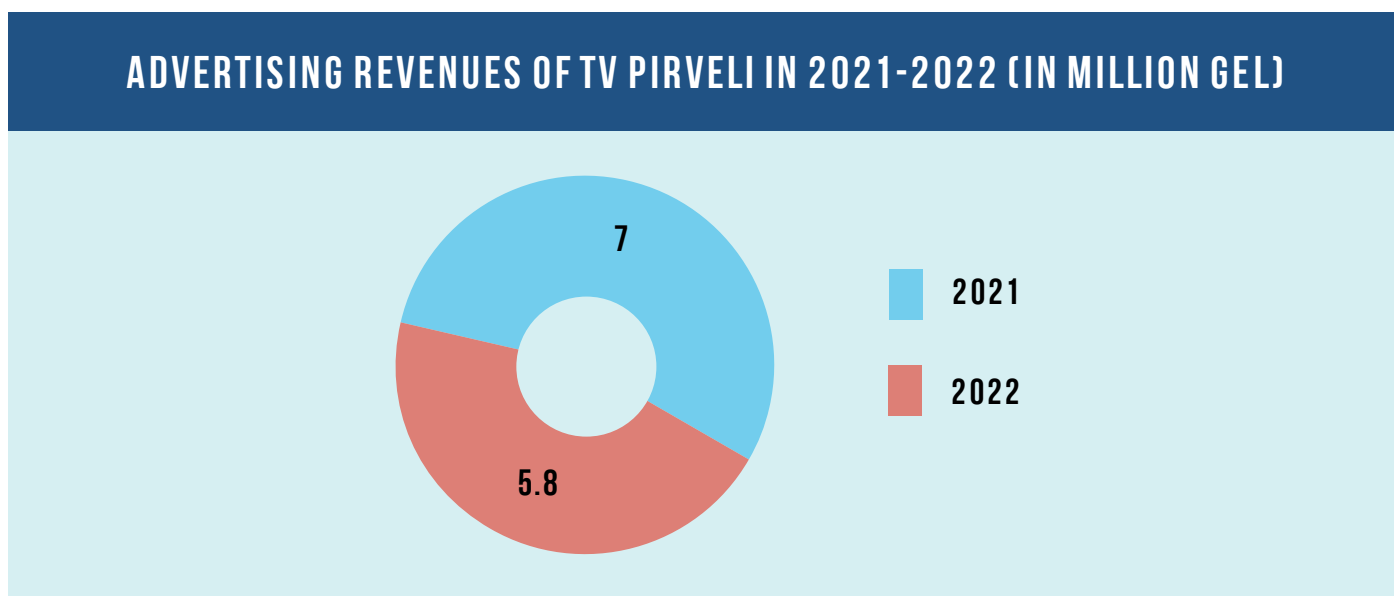


Source: Communications Commission

3.2.4. TV PIRVELI

In 2022, the total advertising revenue of TV Pirveli also decreased **by GEL 1.22 million (to GEL 5,780,133)** compared to the previous year. In 2021, the channel had received **GEL 7 million** from advertising. The decreasing dynamics is shown in **Figure 6**.

Figure 6: Advertising revenues of TV Pirveli in the years 2021-2022

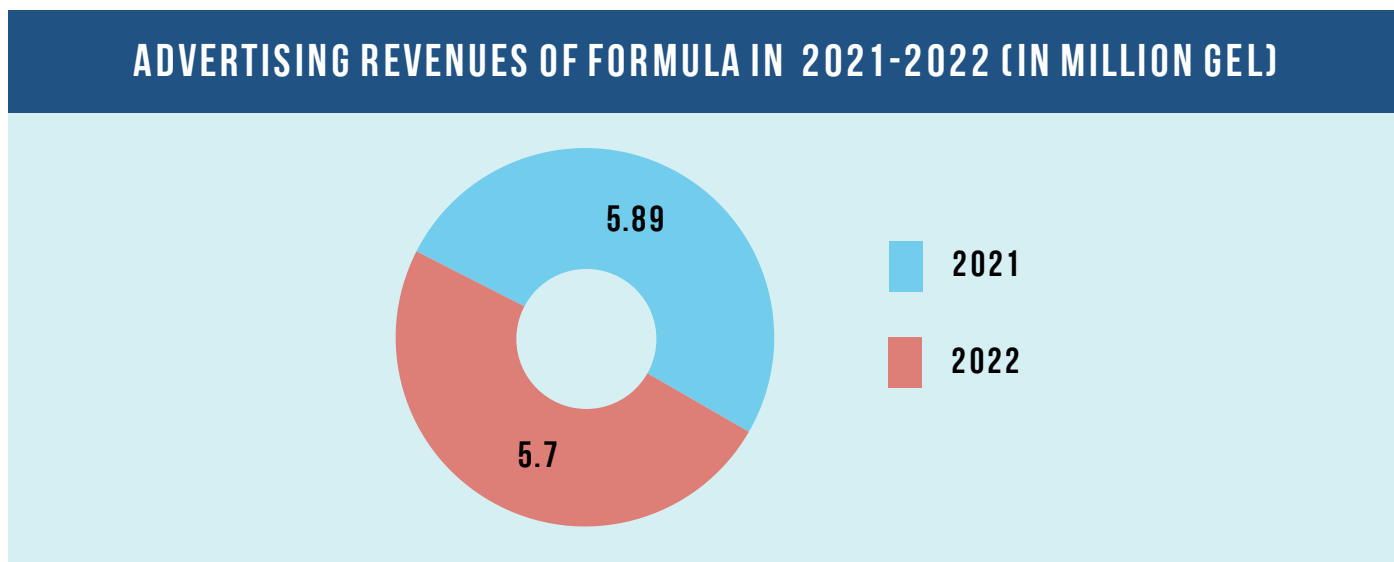


Source: Communications Commission

3.2.5. FORMULA

Last year also saw a relatively slight decrease – **by GEL 0.2 million** – in the advertising revenue of the Formula TV station compared to the previous year. In 2022, Formula received **GEL 5,730,052** from advertising, while in 2021 this figure had amounted to **GEL 5.9 million**. The main source of revenue for Formula TV is the amount **taken as a loan** from one of the owners of the TV station, Davit Kezerashvili. The decreasing dynamics is shown in **Figure 7**.

Figure 7: Advertising revenues of the Formula TV station in the years 2021-2022

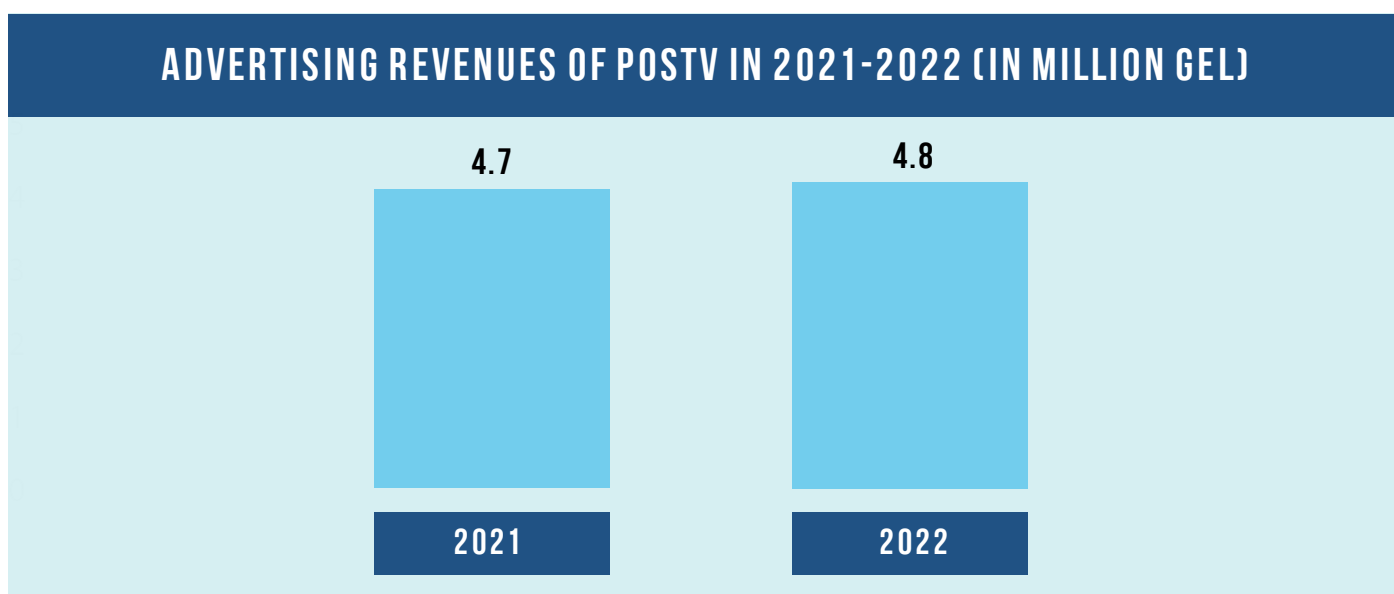


Source: Communications Commission

3.2.6. POSTV

Last year the advertising revenue of the POSTV TV station increased **by GEL 0.1 million** compared to 2021 and **reached GEL 4.8 million**. In 2021, the channel had received **GEL 4.7 million** from advertising. The increasing dynamics is shown in **Figure 8**.

Figure 8: Advertising revenues of the POSTV TV station in the years 2021-2022

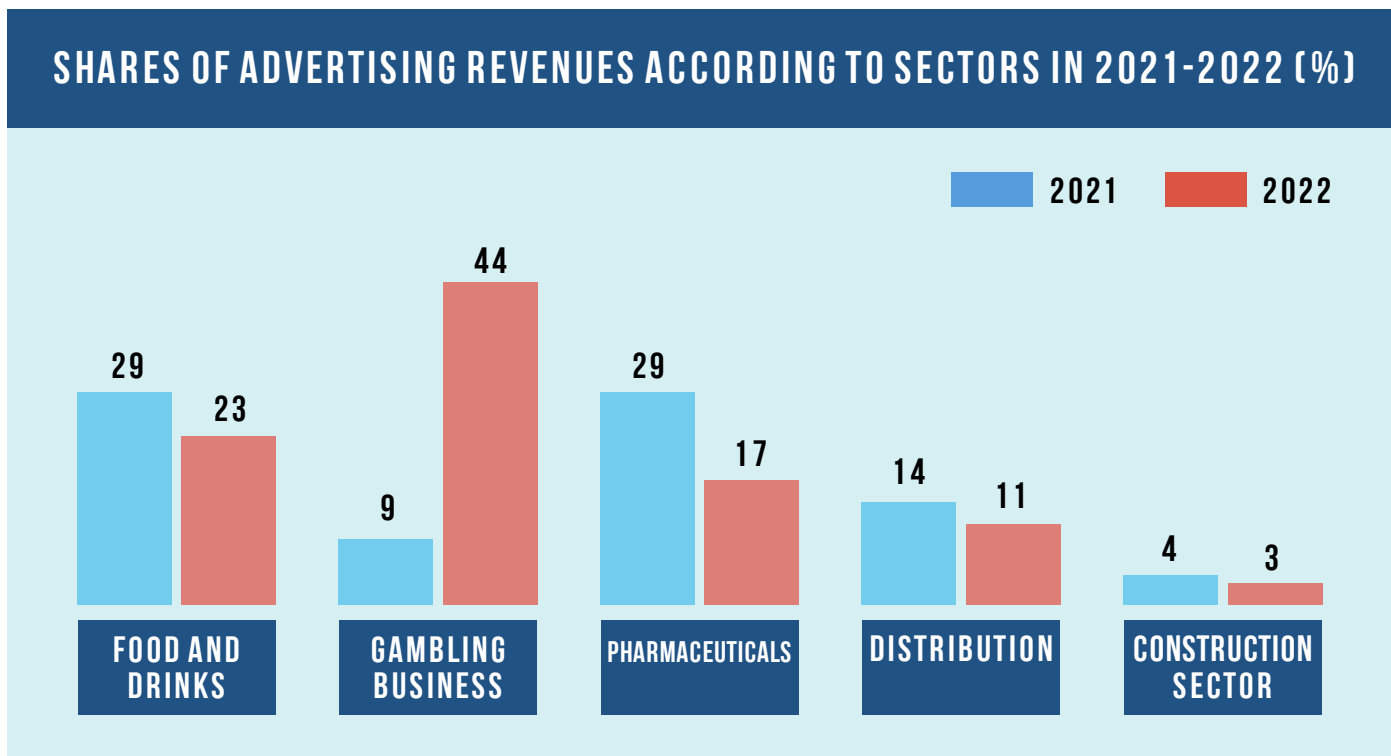


Source: Communications Commission

3.3. ADVERTISERS

In parallel with the prohibition of gambling advertisements, the structure of advertisers in the broadcasters has changed sharply and their number has increased. The data are reflected in **Figure 9**.

Figure 9: Structure and shares of advertisers



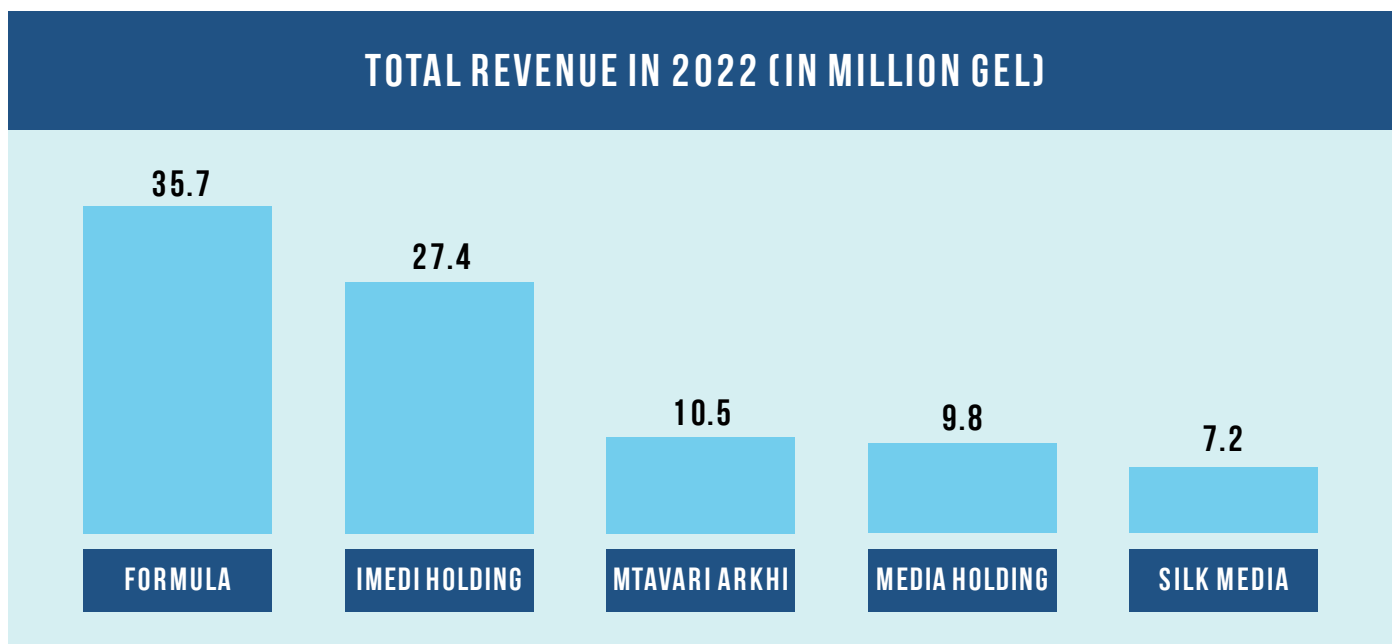
Source: Communications Commission

The analysis of the data shows that whereas in 2021 a large part (**44%**) of the advertising revenues came from the gambling business, in 2022, the sector of food and drinks took the leading position among the advertisers with **29%**, pharmaceuticals comes second with **28.56%**, and distribution comes third with **14%**.

3.4. TOTAL AND BROADCASTING REVENUES

The total revenue of TV and radio **broadcasters** in 2022 was GEL 281.4 million (**including public funding and other non-broadcasting revenues**). In 2022, similarly to the previous year, Formula TV again led the way among private TV stations in terms of total revenues, with Imedi Holding and Mtavari Arkhi ranking the second and third. **Figure 10** shows the total revenue of the five top-grossing TV stations.

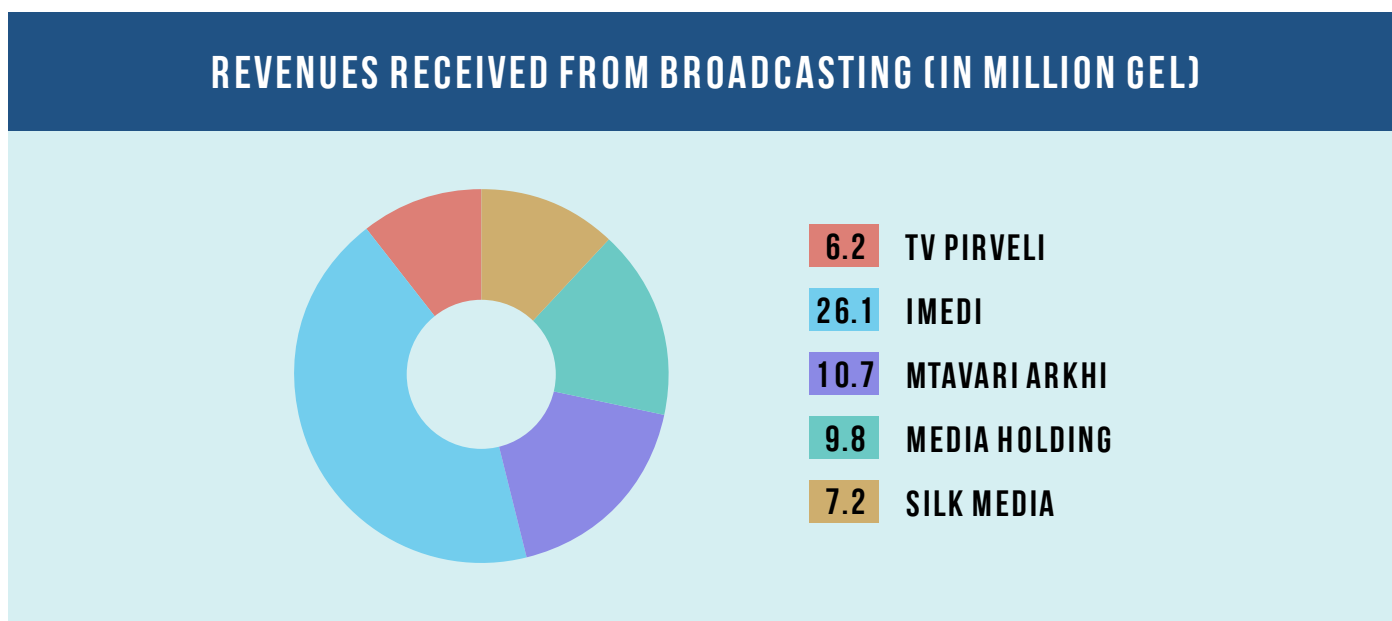
Figure 10: Total revenue of the five top-grossing TV stations



Source: Communications Commission

Last year, the revenue received **specifically from broadcasting** amounted to **GEL 101 million**, from which TV stations received **GEL 94.2 million** and radio stations got **GEL 6.7 million**. In 2022, Imedi TV ranked first in terms of revenues received from broadcasting (**26.7%**), Mtavari Arkhi ranked second (**10.7%**), and Media Holding ranked third (**10.4%**). These figures are shown in **Figure 11**.

Figure 11: Revenues received by TV stations from broadcasting in 2022



Source: Communications Commission

We are presenting a separate analysis of the revenues of those media outlets that disseminate openly anti-Western rhetoric. These are POSTV, Alt-Info and Obiektivi.

In 2022, the POSTV TV station had a total revenue of **GEL 5,058,697.91**, **84.2%** of which (**GEL 4,821,950**) came from advertising, while the remaining amount (**GEL 236,747**) was the share of other non-broadcasting revenue, technical services, and paid social advertisements.

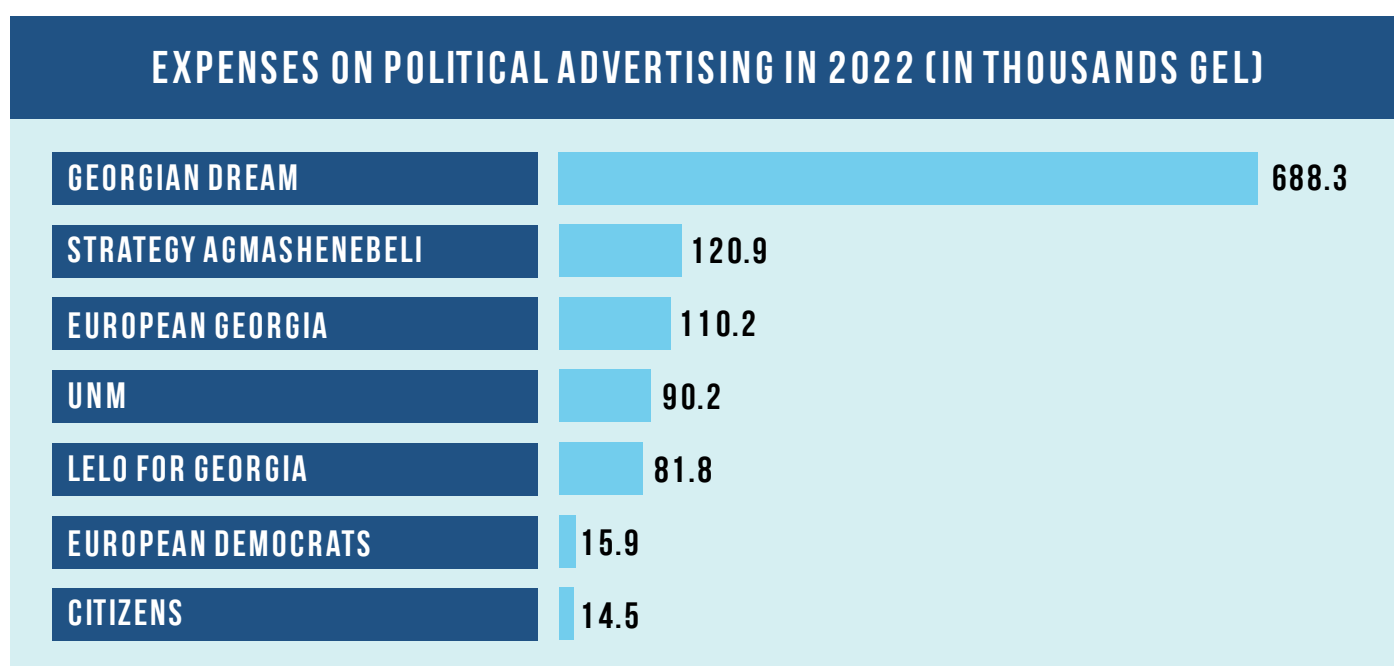
Last year, Alt-Info, an openly pro-Russian TV station with an anti-Western agenda, received a revenue of **GEL 984,887.65** in total. Almost the entire revenue, 99.8%, is a donation of the owner of a [50% stake](#) in the broadcaster, Tsiala Morgoshia. The remaining amount, **GEL 2,128**, is a revenue received from commercial advertising. Tsiala Morgoshia, aged 80, is an aunt of Konstantine Morgoshia, one of the founders of the pro-Russian Conservative Movement party.

In 2022, the Obiektivi TV station, which also has an anti-Western agenda, received a total revenue of **GEL 830,144.27**; **52.8%** of the revenues of Obiektivi (**GEL 438,442.27**) came from commercial advertising, while the remaining amount (**GEL 391,702**) was a donation of the owner of the broadcaster and other individuals.

3.5. ADVERTISING EXPENSES OF POLITICAL PARTIES

According to the data of the State Audit Office, in 2022 political parties spent a total of **GEL 1.1 million** on advertising, which is 17% of their total expenses. Last year, 7 parties in total spent money on advertising, with the ruling Georgian Dream party spending the biggest amount – **GEL 688,325** – and the Citizens spending the smallest one – **GEL 14,482**. Last year, political parties spent money mainly on Internet advertising, billboards, printing of advertising materials, and similar types of advertising services. Only two parties incurred TV advertising expenses. The United National Movement (UNM) paid **GEL 14,550** to individual entrepreneur Davit Abramishvili for the production of a video clip, and Lelo for Georgia spent **GEL 6,490** at the BMG TV station. **Figure 12** shows the expenses incurred by political parties on advertising.

Figure 12: Expenses incurred by political parties on advertising in 2022



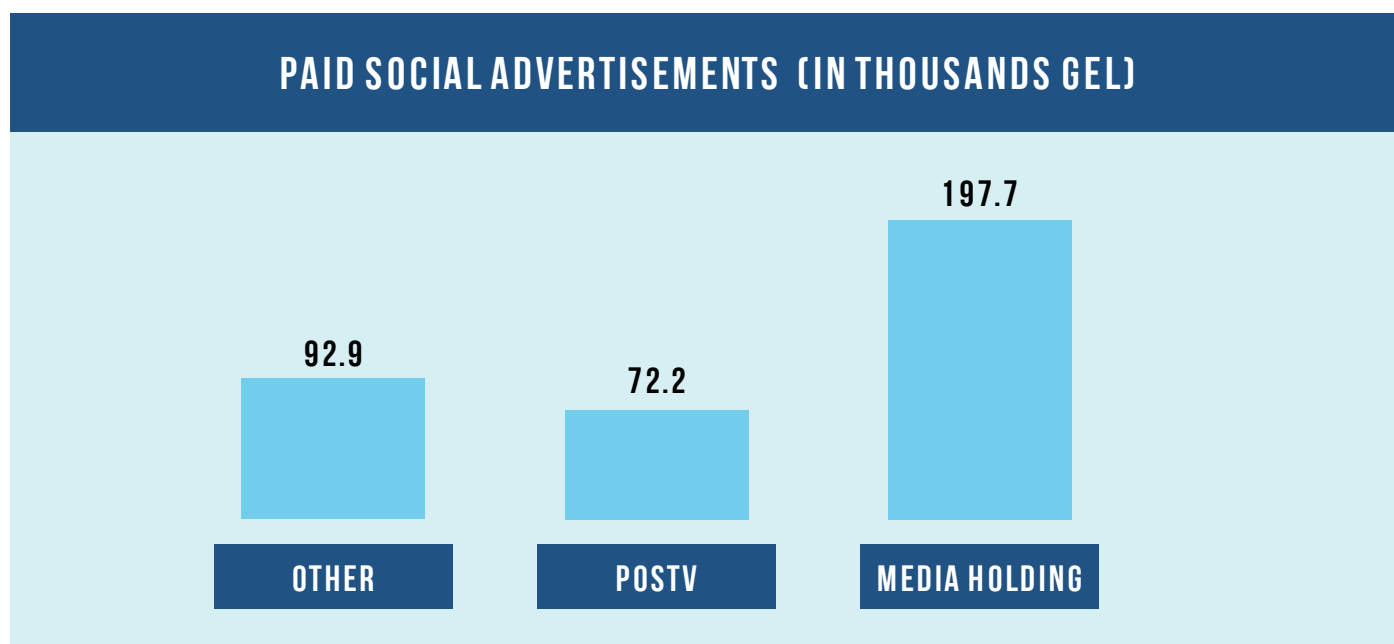
Source: State Audit Office of Georgia

A more detailed analysis shows that a large part of the amounts spent by the Georgian Dream party on advertising was directed to the social networking site Facebook, Internet ads, and billboards.

3.6. PAID SOCIAL ADVERTISEMENTS

Paid social advertisements worth **GEL 362,878** in total were placed in the year 2022. A large part of this amount – **GEL 269.9K** – was received by broadcasters loyal to the authorities – Media Holding/Rustavi 2 and POSTV, while the remaining amount (**GEL 92,986**) was directed to other broadcasters. The distribution of paid social advertisements is shown in **Figure 13**.

Figure 13: Distribution of paid social advertisements in TV stations in 2022

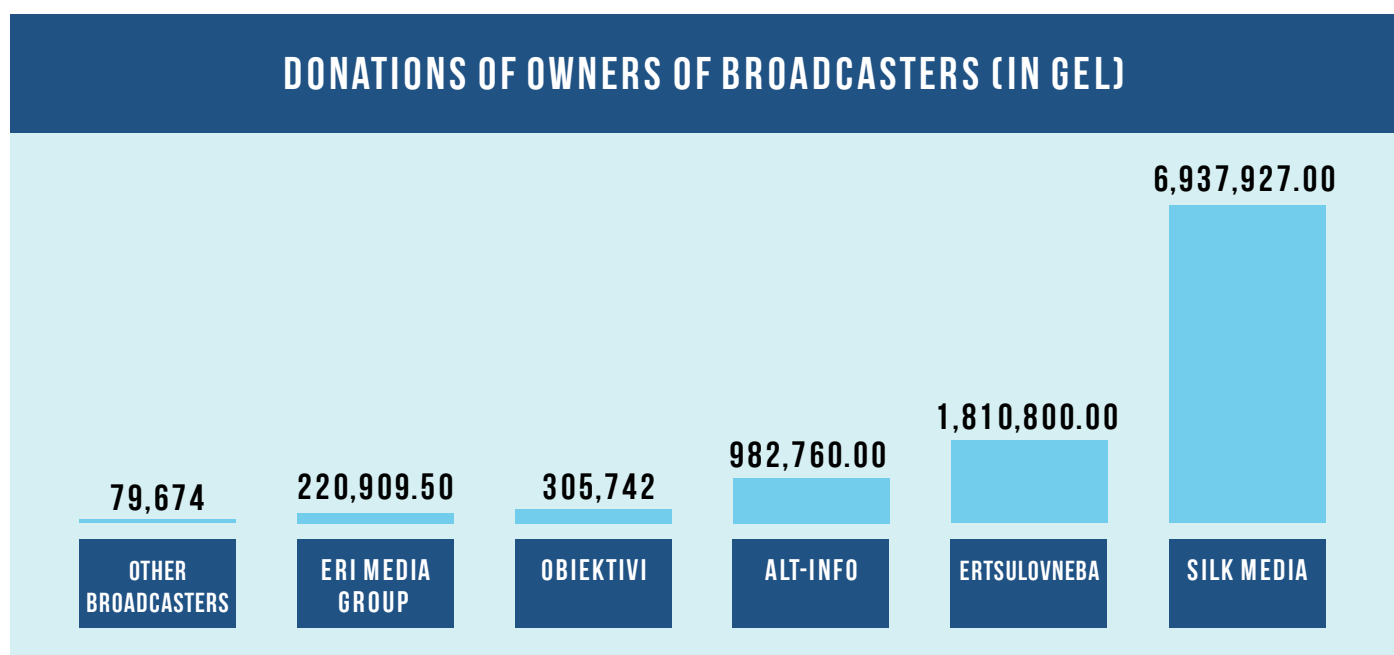


Source: Communications Commission

3.7. DONATIONS OF OWNERS OF BROADCASTERS

The amounts donated by the broadcasters' owners also occupy a considerable place in the broadcasters' revenues. In 2022, 16 broadcasters received **GEL 10,337,812.80** in total from their owners. The main part of this sum – **GEL 10,258,138.50** – was received by 5 broadcasters. The biggest amount – **GEL 6,937,927** – went to Silk Media, **GEL 1,810,800** – to the Ertzulovneba TV station of the Patriarchate, and **GEL 982,760** – to Alt-Info. **Figure 14** shows the distribution of the owners' donations.

Figure 14: Distribution of owners' donations according to broadcasters



Source: Communications Commission

3.8. FINANCIAL PROFIT, EXPENSES, AND LOSSES OF TV STATIONS

Similarly to the previous years, ensuring the financial viability of TV stations still remains one of the main challenges. According to the data on the Reporting Portal, **none of the five TV stations that receive the biggest revenues from broadcasting made a profit in 2021, and they again ended the year with losses.** In 2021, the biggest loss – **GEL 27.2 million** – was suffered by the Formula TV station. In 2020, the biggest loss had been suffered by Imedi TV – **GEL 74.4 million**. **Table 1** reflects the TV stations' revenues, expenses, and losses.

Table 1: Revenues, expenses, and losses of TV stations

TV stations	Revenues	Expenses	Losses
Imedi TV	56,241,783	78,350,706	-22,108,923
Mtavari Arkhi	11,998,000	30,472,000	-18,474,000
Formula	5,443,130	32,674,745	-27,231,614
TV Pirveli	7,462,058	10,724,544	-3,262,486
Media Holding	9,398,385	24,285,521	-14,887.136

Source: Reporting Portal

The table shows that even the five top-grossing TV stations cannot manage to make a profit and again end the year with a loss. In addition, it is noteworthy that the expenses incurred by them during the year sharply exceed their annual revenues. In 2021, the largest expense – GEL78,350,706 – was incurred by Imedi TV. The reports uploaded to the Reporting Portal show that each of them has large loan liabilities and cover the imbalance between expenses and revenues precisely at their expense.

CONCLUSION

From year to year, studies show that the advertising market is not enough for the orderly functioning of the media. Financial viability came under an additional threat because, due to limited time frames, the media met the deteriorated legislation unprepared and pressure on the media mounted. The Georgian media is finding it difficult to evolve as a successful/profitable business, the reason for which may be the increased self-censorship in the business environment.

In addition, pro-government channels receive more advertising revenue. In a situation of a hybrid information warfare and a polarized environment, this makes the media even more vulnerable. This challenge becomes particularly relevant in pre-election period, when the share of political advertisements increases in TV stations. It is important to observe those processes that may exert a direct or indirect influence on the viability of the media. These may be the chilling effect of legislative initiatives, court disputes conducted against media owners, and cases of the so-called SLAPP (Strategic Lawsuits Against Public Participation) against the media and journalists which increase the financial pressure on the media.

At such a time, it is all the more important that all actors take the needs of the media into consideration and be oriented to their institutional resilience in the long run.