



CHAPTER

11 Media Ownership and Concentration in Russia

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Abstract

This chapter examines media ownership and concentration in Russia. Following an overview of the Russian media landscape, the remainder of the chapter focuses on print media (newspapers, book publishing), audiovisual media (radio, broadcast television, multichannel TV platforms, video channels, film), telecommunications media (wireline and wireless telecom), and Internet media (Internet Service Providers, search engines, online news market). The main trends in the transformation of media ownership in Russia in the 2000s have been a decrease in commercial media capital and the proportionate increase in state capital and mixed (state and private, non-media) capital. The largest media companies are concentrated (directly or indirectly) in the hands of government-controlled structures (VGTRK, Gazprom-Media) or private enterprises that are mainly active in non-media sectors like the extractive sector or finance (ProfMedia, NMG). The book industry has become highly concentrated, with Eksmo AST dominating.

Keywords: [Russian media market](#), [media industry](#), [ProfMedia](#), [print media](#), [NMG](#), [telecommunications](#), [Internet](#), [Eksmo AST Russian media market](#), [media industry](#), [ProfMedia](#), [print media](#), [NMG](#), [telecommunications](#), [Internet](#), [Eksmo AST](#)

Subject: [Economic Sociology](#), [Social Research and Statistics](#)

Introduction

Since 1991, the Russian media market has had to adjust to free market pressures that were unfamiliar to most of the individuals living in the Soviet Union (USSR) at the time of its dissolution. That year, a new mass media law was passed that officially ended state censorship of the media—long a feature of Soviet life—and legalized private ownership of media producers. Market competition, albeit in a distorted form, became the norm during the 1990s, and this period witnessed the rapid growth of private media ownership. Privatization across all economic sectors began in 1993, and wholly new privately owned print and audiovisual media platforms began to emerge. However, it is worth noting that the role of the state in the national economy remained (and still remains) rather influential, and in the media industry the state still holds the crucial position as the owner of many media assets and also provides both formal and informal monetary support to private media companies.

The Soviet media system was characterized by a high degree of centralization and unprofitability, a structure based on the ideological role given to the media by the Communist Party of the Soviet Union (CPSU). State-owned media producers (i.e., all licensed media producers in the USSR) were never concerned about revenues, economy of scale, cost structures, or business strategies. The Soviet media system responded to needs of integrated and heavily centralized political and economic elites—the *nomenklatura*—that were appointed to run media entities. The most salient features of the system were the top-down subordination of editorial content to the ideological control of the CPSU, a complete ban on all private ownership, and heavy investment in state-owned media infrastructure (postal system, terrestrial TV and radio networks, fixed telephone lines, satellite communications).

The media system has changed radically since the early 1990s. In place of radio and newspapers, broadcast TV has emerged as the backbone of the national media market: Russia has nine national terrestrial TV networks, and in the country's 200 largest cities, between 10 and 12 national and regional public broadcasters are available.¹ Since cable and satellite television channels have developed mostly in urban areas, their total penetration remains comparatively low (approximately 25% of the national market). For many Russian families, free over-the-air TV continues to be their primary source of news and entertainment. The federal government has increasingly used broadcast programming to promote Russian integrity and challenge the influence of regional authorities.^{2, 3}

In 1990, before the disintegration of the Soviet Union, there were 4,808 newspaper titles in circulation (national, regional, and local), including 43 national daily newspapers.⁴ The most characteristic feature of the Soviet press was mass distribution, the near-universal penetration of the national dailies, and the subordination of all daily newspapers to the central (national) newspapers published in Moscow. After privatization began in 1993, the total circulation of the Russian press fell drastically dropped from its 1990 annual circulation rate of 38 billion. Though circulation numbers declined by 85% in the next decade, the overall number of daily national titles increased from 43 to 333 by 2000.⁵ Russian publishers have carefully copied the British tabloid model, especially in the case of the popular *Komsomolskaya Pravda* and *Moskovskij Komsomolets* dailies. By combining materials from the central (national) editions with local inserts, these two dailies pioneered a new model for Russian newspapers.

Readership fell drastically during this decade in part because of Russia's financial problems. The crisis in the newspaper market began in early 1990s and was complicated by high prices for postal distribution (home delivery service was still monopolized by the state) and limited retail options. On the contrary, weekly and monthly magazines benefitted from the high prices. With their lower distribution frequency, their readers saved money, and so these magazines managed to gain much more visible financial success for private companies.

Both newspapers and magazines have had to contend with the rapid growth of the Russian Internet. There are over 35 million Russian Internet users (about 30% of the population), and there are some 2,018 online platforms offering varying degrees of news content. Urban centers have the highest rates on Internet penetration, as approximately 73% of the population lacks the necessary infrastructure to access it daily; 6% of the population is believed to have no means of access at all.⁶ Distances and obsolescent technology greatly hampers the expansion of a modern telecommunications network in Russia. These problems arise mostly from the low technical level of the national telecommunications infrastructure. Only a small number of Russian Internet users have home access due to low telephone penetration (180 lines per 1,000 inhabitants) and the poor quality of these telephone lines (broadband is limited to the largest industrial centers, fiber optic is practically nonexistent for both commercial and residential purposes). Combined with low per capita incomes and other macroeconomic challenges, Internet penetration is unlikely to increase significantly in the near future.

The maturation of the advertising market in post-Soviet Russia has become especially important for the media industry as a whole. Advertising became the major source of income for media companies after 1991. The competition for advertising revenue illustrates, however, the continued role of the state in media markets because state-owned media companies secure most of their advertisements from state-owned advertisers (Table 11.1).

Table 11-1. Russian Media Advertising (Market Shares by Revenue), 2007–2011

Media Market	2007	2009	2010	2011	% Growth (2011)
TV	4.4	2.8	3.8	4.5	18.0
Terrestrial	4.3	2.71	3.8	4.4	18.0
Cable and Satellite	0.02	0.03	0.1	0.1	36.0
Radio	0.6	0.3	0.4	0.4	15.0
Print Media	2.0	1.0	1.3	1.4	6.0
Newspapers	0.4	0.2	0.3	0.3	7.0
Magazines	0.9	0.5	0.6	0.7	8.0
Advertising Publications	0.7	0.3	0.4	0.4	3.0
Outdoor Advertising	1.6	0.7	1.0	1.2	15.0
Internet	0.5	0.5	0.9	1.4	56.0
Media Advertising	0.2	0.2	0.4	0.5	45.0
Contextual Advertising	0.3	0.3	0.6	0.9	63.0
Other Media	0.1	0.1	0.1	0.1	32.0
Indoor Advertising	0.1	0.1	0.1	0.1	35.0
Movie Theaters	0.01	0.01	0.02	0.03	25.0
Total ATL	9.1	5.3	7.5	9.1	21.0
Total BTL	2.3	1.2	1.9	2.4	23.0
Total	11.3	6.6	9.4	11.4	44.0

Source: AKAR, 2012.

In recent years, Russian media studies have paid much attention to concentration issues in the context of the emerging media industry. The political economy perspective is rooted in Soviet media studies, and in this context, media concentration analyses are driven by ideological debates: there is no academic tradition to explore structural issues and the Soviet media system was never regarded as a part of the national economy, since its role was defined primarily by cultural and political priorities.⁷ Media studies focused on criticism of foreign media markets using studies translated from English about the corporatization of media in other nations.^{8, 9, 10} Though private media in Russia predates the Soviet period, no national newspapers existed because of low per capita income levels, low literacy rates, limited distribution infrastructure, extensive state censorship, a weak advertising market, and the practice of regional authorities heavily subsidizing dailies within their jurisdictions to promote their own political agendas.¹¹ As many researchers have argued, “Russian mass media appeared as a state enterprise and they existed and still exist as a private state enterprise.”¹² Despite this, up until 1917, 74% of all newspapers and magazines were privately owned.^{13, 14}

After the establishment of the USSR, nationalization of the national economy occurred in 1917–1918 and by the mid-1920s this process had been completed for licensed media outlets. A new system of political control was established by integrating state and CPSU ownership in order to institute a propaganda apparatus operated by specially appointed officials.^{15, 16}

There have been three major stages in the development of the Russia media since 1990.

Leading up to the dissolution of the Soviet Union, the majority of the CPSU, Komsomol (Communist Youth League), and state news services came under the collective ownership of their own staffs, notably the leading CPSU (and Komsomol) dailies of *Pravda*, *Sovetskaya Rossiya*, *Komsomolskaya Pravda*, and *Moskovskij Komsomolets*. The legal basis for these practices was established by the Soviet Law on Mass Media (1990), which for the first time in the Soviet Union legalized private ownership in the media, though it left the principles of collective ownership by staff members vague.¹⁷ Following the formal dissolution of the USSR
p. 279 ↪ on Dec. 26, 1991, the post-Soviet media landscape in Russia underwent an initial period of commercialization and concentration that lasted through 1996 as almost all media outlets privatized themselves and set up journalists' collectives that had to invent new business models as state financing evaporated.

Due to the cessation of most state revenue streams and a complete lack of managerial experience (both the journalists and the appointed managers they had gotten rid of had no experience with publishing in a market economy), many media producers went bankrupt while the most lucrative properties were taken over by conglomerates dealing in extractive resources and financial services, whose questionable acquisitions of these properties were made with the informal support of state officials. In early 1990s, such influential conglomerates as Onexim, LogoVAZ, Lukoi, and Gazprom established a "media-industrial complex" among themselves, comprising several influential families among the new political and business elites.^{18, 19}

Between 1996 and 2000, the process of media concentration along these lines climaxed.²⁰ Media companies, especially terrestrial TV broadcasters, were acquired or established by "oligarchs" ↪ such as Boris Berezovsky (LogoVAZ), Viktor Chernomyrdin (Gazprom), Vladimir Gousinsky (MOST Group), and Vladimir Potanin and Mikhail Prokhorov (Onexim).
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The current third stage in media concentration, which began during the first presidency of Vladimir Putin (2000–2004), has been characterized by the redistribution of media ownership in the context of the reestablishment of direct and indirect state intervention in the media: the number of state-owned media companies has increased, with the government putting renewed emphasis on the national public broadcaster VGTRK and the state news agencies of ITAR-TASS (renamed as TASS in 2014) and RIA Novosti (reorganized into Rossiya Segodnya after restructuring in 2013–2014). Federal investment in Russian media outlets and infrastructure increased in the 2000s; state subsidies totaling US\$5.7 billion (174 billion rubles) were disbursed between 2010 and 2012.²¹ On the other hand, state intervention has clearly favored the expansion of media companies such as the broadcaster 7TV, the print daily *Kommersant*, and the telecom major MegaFon that belong to politically loyal businessmen. The complexity of the situation has been increased with the rise of mobile telephony and the Internet (in particular broadband ISPs and search engines). Both of these industries have become tightly connected to the Russian media system and its expansion through technological development, and in the 2000s they became the most efficient drivers of the Russian market economy.

Newspapers

Particular features of the modern Russian newspaper industry are its regional character, low revenues compared to other types of media, and declining audience shares. Statistically, the share of national newspapers accounts for 35% of the total circulation, regional papers for 33%, and local newspapers for 32%. Though the total audience for national newspapers does not exceed 20% of the population, non-national newspapers combined account for an additional 20% of the population.²² Lack of investments in printing and distribution, as well as uneven development of regional advertising markets, means that for non-national papers, regional and local authorities must provide large amounts of both formal and informal financial support. The Russian print media sector still retains many features of the USSR's centrally planned economy and is thus an unattractive investment for most private parties. The regional character of the newspapers market also explains the poor economic status of the sector and the lack of publishers operating at the national level. The national dailies established during the Soviet era still retain the largest market shares, and most private media holding companies active in the market have built themselves up around these decades-old titles: *Komsomolskaya Pravda*, *Sovetsky Sport*, *Moskovskij Komsomolets*, *Trud*, and *Izvestia*. In some cases their publishers are parts of larger national media groups—such as the National Media Group (NMG) in the case of *Izvestia*, formerly owned by Gazprom until 2008, or Media 3 (by 2014, main newspaper assets were sold and the company stopped its operations at the media industry) in the case of *Trud*; one major exception to this trend is the state-owned *Rossiiskaya Gazeta*. Even the major publishers have great difficulty breaking even, and most do not. Circulation rates show rather stable positions for the established market leaders, albeit with greatly reduced numbers from the Soviet era. Also unique is Pavel Gousev, owner of *Moskovskij Komsomolets*, whose media group is not part of a larger, diversified conglomerate. Industrial groups whose chairmen are close to the Kremlin own NMG (Alexei Mordashov, CEO of Severstal) and *Kommersant* (Alisher Usmanov, CEO of Gazprominvestholding).

p. 281 In terms of circulation, the leading newspapers publisher in Russia is the Komsomolskaya Pravda group, with the most popular daily *Komsomolskaya Pravda* (700,000 daily copies during the week, 3 million on weekends). Other titles include the former main Soviet sports daily *Sovetsky Sport* and one of the first tabloids set up after 1991, *Ekspress Gazeta*. The total monthly circulation for all newspapers in Russia in 2010 stood at 46.1 million, while total monthly readership was about 30 million copies (weekly, 5.5 million; daily, 2 million). All these newspapers are owned by Komsomolskaya Pravda, which was sold in 2007 by its previous owners, the multimedia group ProfMedia and the Norwegian media group A-pressen to the ECN Group owned by Grigory Berezkin. ECN has a 60% plus-one stake in the publishing house's shares (Table 11.2).

Table 11-2. Daily Newspapers (Market Shares by Circulation and Revenue), 2004–2010

Publisher	Publications	% Market Share by Circulation		% Market Share by Revenue				
		2004	2008	2006	2007	2008	2009	2010
Komsomolskaya Pravda (ECN Group, Grigory Berezkin)	<i>Komsomolskaya Pravda, Sovetsky Sport</i>	29.0	18.0	36.1	40.2	38.8	46.9	39.6
Moskovskij Komsomolets (MK) (Pavel Gousev)	<i>Moskovskij Komsomolets</i>	24.0	19.0	16.2	12.8	11.8	10.6	5.9
Redaktsia Rossiiskaya Gazeta (Federal Public Office) (public)	<i>Rossiiskaya Gazeta</i>	9.0	9.0				1.0	29.6
Sport-Express	<i>Sport-Express</i>	5.0	5.0		5.0	4.8	4.7	2.6
Media 3 (until 2014)	<i>Trud</i>	19.0	38.0			2.7		
National Media Group/NMG (Alexei Mordashov)	<i>Izvestia</i>	7.0	5.0	10.1	7.3	7.4	8.1	4.5
Kommersant (Alisher Usmanov)	<i>Kommersant</i>	3.0	2.0	37.6	34.7	34.5	28.7	17.8
Total Circulation (1,000)		3,105	4,068					
Total Revenue (mil RUB)				4,212	6,554	7,286	6,206	12,419
Total Revenue (mil US\$)				156	257	276	214	393
C4		83.6	87.2	100.0	59.0	58.0	52.0	57.0
HHI		2,054	2,409	3,028	3,057	2,917	3,227	2,824
<i>N</i> (>1%)		7	7	4	5	7	6	6
Noam Index		776	911	1,514	1,367	1,191	1,317	1,153

Sources: FAPMC, 2011; Integrum-Companies, 2012.

Although until 2015 there were no restrictions on foreign ownership of print media, foreign ownership is rare in the Russian newspaper market (though non-Russian newspapers are available through foreign media groups' Russian distributors). This is in large part because until recently Russian newspapers were wholly dependent the state newsprint monopoly. Another feature of the Russian market that makes it unattractive to investors is the aforementioned high costs of distribution through the postal system. MK and Media 3, for example, have attempted to set up alternative distribution networks in some urban centers to stabilize their circulation numbers.

Though the national dailies are still the most widely circulated newspapers, their former editorial influence during the Soviet era has not been reestablished over the past 20 years under new management due to declining readership and political changes in the country, which partly explains why some of the more financially powerful media and industrial groups are not active in this market, as audiovisual media is by far the more influential shaper of public debates in Russia today.

Book Publishing

In the last few years, book publishing has been transformed significantly. Nowadays, only one publishing house is still state owned and the rest have been privatized (and, in some cases, have then been removed from the jurisdiction of Russia tax law to off-shore registries). It is difficult to delve deeply into ownership and concentration in this sector, though, because of a lack of transparency: many publishers are privately held companies legally operating from the British Virgin Islands, Cyprus, or Gibraltar (Table 11.3).

Table 11-3. Book Publishing (Market Shares by Circulation and Revenue), 2002–2010

	% Market Share by Circulation			% Market Share by Revenue				
	2002	2004	2009	2006	2007	2008	2009	2010
Eksmo (Lorristone Ltd., Cyprus)	9.6	10.7	11.3	32.6	47.2	34.2	38.1	34.2
Prosveshenie (Rosimushchestvo/Federal Agency for State Property Management) (public)	8.9	5.8	6.4	23.2	23.0	19.8	21.9	22.5
Drofa	8.8	4.8	2.3	18.0	21.2	15.7		10.7
AST (Cyprus)	6.1	7.1	10.7			23.5	32.9	27.1
Olma Press	2.5	1.3	1.9	17.6				
Flamingo	2.4	4.3		2.3	2.2	1.7	1.6	1.2
Rosmen	2.3	1.3	1.1	0.1	0.1	0.0		0.2
Balass	2.3	1.7						
INFRA-M	2.0			6.2	6.2	5.1	5.6	4.1
Panorama	1.4							
Ekzamen XXI		3.8						
Feniks		0.8						
Egmont Russia (Egmont, Denmark)			4.5					
Ripol-klassik			1.1					
Azbuka-klassik			1.0					
Others	53.7	58.7	58.6	0.0	0.0	0.0	0.0	0.0
Total Revenue (mil RUB)				6,696	8,033	11,484	11,803	13,881
Total Revenue (mil US\$)				248	315	435	407	477
C4				91.4	97.7	93.2	98.4	94.5
HHI	315	261	316	2,282	3,254	2,392	3,041	2,545
<i>N</i> (>1%)	10	9	9	6	5	6	5	6
Noam Index	99	87	105	932	1,455	976	1,360	1,039

Sources: FAPMC, 2011; Integrum-Companies, 2012.

Magazine Publishing

The magazine market is expanding rapidly in Russia: over the past few years its annual growth has exceeded 13%, a rate only surpassed by the magazine markets of India and the People's Republic of China. The total annual circulation of magazines in Russia in 2007 was 1.9 billion copies, 600 million of which were printed abroad. The bulk of the sector's revenue (60%) comes from the Moscow metropolitan area. However, as is the case with newspapers, out of the total number of officially registered magazine titles in the country (31,452 in 2010), only around 50% of them are really being produced and distributed effectively.²³ Again, the high costs and inefficiencies of the national postal service affect the profitability of the sector.

That said, magazine publishing is still more attractive to investors than newspapers are because advertising revenues are higher and distribution is ultimately less expensive because the sector is less dependent on home delivery and involves weekly or monthly print editions. The exposure of Russia to Western consumerism has increased the popularity of publications carrying lifestyle content, which also explains a prevalence of foreign owners in this sector than in any other media platforms. ↵

Hearst-Shkulev Media (formerly Hachette-Filipacchi-Shkulev) is the market leader in magazine publishing, with a total annual circulation of 12 million copies and an estimated readership of 21.6 million people. It has held this spot for 16 years. Originally owned by the Russian media magnate Viktor Shkulev and the Lagardere Group (France), the Lagardere Group sold its share to Hearst (US) in 2011. Nowadays, the company publishes well-established international brands such as *Elle*, *Elle Girl*, *Elle Decoration*, *Elle-Ukraina*, *Maxim*, *Maxim-Ukraina*, *Marie-Claire*, *Parents*, *Psychologies*, and *StarHit*. Its most profitable and nationally distributed outlet is the TV guide *Antenna-Telesem*.

Other significant publishers in the market include the Russian-language division of the German publishing house Hubert Burda Media and Independent Media, and the Russian-language division of Sanoma Oyj (Finland). Statistics for the market are skewed due to the returns of unsold copies, which prevent a wholly accurate image of the distribution scale (Table 11.4).

Table 11-4. Magazine (Market Shares by Revenue), 2006–2010

	2006	2007	2008	2009	2010
Hearst-Shkulev Media ¹ (49% US owned)	27.3	30.8	31.3	30.7	35.2
Bauer/Logos-Media (Bauer, Germany)	16.9	16.6	16.7	16.3	7.8
Independent Media (Sanoma Oyj, Finland)	45.7	42.7	41.3	40.1	44.5
Edipresse Konliga JSC (Edipresse, Switzerland)	10.2	9.9	10.8	12.9	12.5
Total Revenue (mil RUB) ²	4,914	6,656	7,999	5,742	5,704
Total Revenue (mil US\$)	182	261	303	198	196
C4	100.0	100.0	100.0	100.0	100.0
HHI	3,220	3,147	3,074	2,980	3,434
<i>N</i> (>1%)	4	4	4	4	4
Noam Index	1,610	1,573	1,537	1,490	1,717

Sources: FAPMC, 2011; Integrum-Companies, 2012; Open sources.

1 51%: V. Shkulev, 49%: Hearst (US).

2 This revenue figure is an estimate based on data collected in this study: it is based on average per capita revenues reported for several other countries in this study with similar per capita income.

Audiovisual Media

Radio

The commercial radio market began to grow in the mid-1990s with the emergence of local FM stations. As a result, traditional “wired broadcasting,” a system established in the USSR during the 1920s that relies on public loudspeakers and fixed telephony, has become less popular, due not only to the strong competition in large cities from local FM stations but also to the aging equipment used for wired broadcast services. The key players in the FM radio market are several central (national) stations operating at the national level out of Moscow. Radio broadcasting at the subnational level occurs through local broadcasters joining one or more of the country’s 31 existing national networks. The three main networks are the European Media Group (EMG), VPKM (part of ProfMedia), and RMG. Similar to the broadcast TV sector, foreign ownership is almost absent at the market. The exception was EMG, part of Lagardere Group, which in 2011 sold its radio programming to Sibirsky Delovoy Soyuz, for US\$162 million (RUB 5.1 billion).

Although the state formally is largely present in ownership structures of the radio industry, this does not guarantee it the leading position at the market. On the contrary, in the radio industry the cost efficiency of privately owned networks and stations gives them an advantage, and their management is less motivated by political concerns than that of TV broadcasters (Table 11.5).

Table 11-5. Radio Groups (Market Shares by Revenue), 2006–2010

Radio Group	Stations	Revenue Share		
		2006	2009	2010
European Media Group (EMG)	Europe Plus, Retro FM, Radio 7, Fruitcake FM, Fresh Radio	34.9	31.0	32.4
VK ProfMedia (ProfMedia)	Stereos, Humor FM, Energy, Radio Alla	20.7	19.3	18.2
Russian Media Group (RMG)	Russkoe Radio, Hit FM, Maximum, DFM, Monte Carlo	23.1	11.2	12.3
Independent Broadcasters			12.1	12.0
Gazprom-Media	Echo of Moscow, Citi-FM, Relax-FM, Radio Child	6.1	9.2	10.1
MediaHold	Love Radio, Taxi FM, Radio Dacha		2.9	3.8
Ob'edinenie Media Company	Business FM, 8 Hits	0.0	3.7	3.2
Multimedia Holding (Vitaly Bogdanov, LogoVAZ-Nyus Corporation/News Media Radio Group)	Nashe Radio, Ultra, Best-FM	5.6	2.7	3.0
VGTRK (public)	Radio Rossii, Mayak, Yunost, Vesti FM, Kultura	9.4	4.6	2.8
Arnold Prize (changed its owner in 2014)	Radio Jazz, Radio Classic		2.9	2.0
Radio-Centr (Property Department of the City of Moscow)	Govorit Moskva, Russkoe Publichnoe Radio, Radio Sport		0.1	0.2
Total Revenue (mil RUB)		6,858	10,527	11,788
Total Revenue (mil US\$)		254	363	405
C4		88.2	73.8	74.8
HHI		2,342	1,758	1,822
<i>N</i> (>1%)		6	10	10
Noam Index		956	556	576

Source: TNS, 2011; EMG, 2012; VKPM, 2012.

Broadcast Television

Today, the Russian terrestrial TV market comprises 20 national public broadcasters that can be divided into three major groups. The first group includes the public-private network Channel One Russia, the state broadcaster Rossiya 1, and the commercial provider NTV. The second group comprises the three national public entertainment networks of REN TV, CTC, and TNT. The third group consists of the state broadcasters Rossiya 2 and Kultura, along with the national TVC and 5 Kanal broadcasters and the entertainment channels Domashnyi, MTV and MuzTV, TV 3, Peretz (formerly DTV), 7, Zvezda, and Mir.²⁴

- p. 285 The number of regional TV companies has been increasing; there are about 700 local stations, both public and private.²⁵ The development of regional TV is an indicator of the economic situation in Russia: the wealthiest parts of the country have the most commercial regional TV channels. Of all 83 regions, territories, and republics of the Russian Federation, the 10 economically least developed regions receive only public broadcasting. In the 15 most developed regions, including Moscow and St. Petersburg, the number of terrestrial channels available ranges from a maximum of 58 in the capital to approximately 15 in
- p. 286 the Tver, Vladimir, and Novosibirsk areas. The overall number of channels available in these regions ranges from 20 to 29.²⁶

The combination of state ownership and private funding is crucial for maintaining competition between public and commercial channels, especially at the subnational level. Yet at the same time, state control of terrestrial and satellite transmission networks and licensing puts regional companies in very difficult economic conditions. Local news, the most valuable type of local TV content, has had to adopt rather sensationalist practices in order to increase its ratings. With low salaries and underinvestment in audiovisual technology, production quality is in general quite low.

Attempts by the state to establish technical and structural dominance in the TV market inspired the reorganization of the state-owned VGTRK in 1998. VGTRK now operates two nationally distributed channels, RTR and Kultura. VGTRK also maintains a network of more than 90 state-controlled regional television stations and 100 transmission centers, which was separated into an independent company in 2001. VGTRK's regionally interconnected structure allows it to support the policies of the federal government over the influence of regional authorities.

The dominance of the national channels characterizes the regional TV market. Even the most popular private channels and networks (NTV, CTC, and TNT) have to deal with heavy informal pressure from the state. The political concerns of the Russian political elite are obviously one of the factors in instrumentalizing the role of the national TV channels, but there are also commercial factors, such as advertising, affecting the significant position of TV in the Russian media system. Commercial TV networks (especially since 1999) have formed mutually beneficial alliances of central (national) and regional channels. They will retransmit programs from Moscow with no changes, allow for the partial retransmission of Moscow channels with the addition of regional programs (mostly news and current-affairs programs), and permit the insertion of news and entertainment programming from Moscow on the basis of special agreements. These alliances have increased the probability that regional stations will rely on proven program formats such as talk shows, game shows, and low-cost Russian and foreign soap operas rather than focus on developing new content.

The federal government is the sole owner of VGTRK, through state agencies it is the dominant owner in Channel One Russia, and through a complicated structure of the corporate ownership of the state-owned energy company Gazprom has close links to NTV through Gazprom-Media. The control of ownership of the third group of channels is also kept in the hands of various state agencies, with TVC owned by the Moscow municipal government, Zvezda controlled and financed by the Defense Ministry, and Mir controlled by the governments of the Russian Federation and the Commonwealth of Independent States (CIS). As for private broadcasters, most of them are affiliated with large commercial groups such as NMG and ProfMedia (Table 11.6).

Table 11-6. TV Broadcasting (Market Shares by Viewership and Revenue), 2000–2010

Broadcaster	Owners	% Market Share by Viewership			% Market Share by Revenue						
		2000	2004	2008	2004	2005	2006	2007	2008	2009	2010
Channel One Russia (public)	CJSK ORT-KB: 38%, Goskomimushestvo Rossii: 38.9%, ITAR-TASS: 8.1%, LLC Betas: 11%, TV Technicheskyi Tsentr: 3% ¹	27.0	24.0	19.0	39.4	28.9	30.7	33.0	27.2	21.0	20.5
VGTRK (public)	VGTRK (public): 100%	18.0	23.0	17.0		22.7	26.5	29.5	30.4	17.8	16.9
NTV (Gazprom-Media)	Gazprom-Media: 35%, LLC PRT-1: 14%, LLC: Aura Media: 51%	18.0	11.0	14.0	28.4	19.0	14.8	18.3	21.7	32.6	33.5
CTC Media (Modern Times Group, Sweden)	CTC Communications (US): 51%, CTC Media (US): 49%	5.2	10.0	8.8	32.3	29.4	25.5	17.1	19.5	20.2	21.2
TNT-Teleset	Aura-Media: 51.8%, Gazprombank (public): 30%, Benton Solutions (US): 18.2%									7.6	7.3
REN TV (NMG)	REN TV: 100% ²	3.9	4.9	4.9			2.5	2.0	1.2	0.8	0.6
Others		28.0	27.0	36.0							
Total Revenue (mil RUB)					32,085	45,261	67,662	66,071	80,626	104,516	119,165
Total Revenue (mil US\$)					1,150	1,605	2,506	2,951	3,054	3,604	4,095
C4		68.0	68.1	58.7	100.0	100.0	97.5	98.0	98.8	91.6	92.1
HHI		1,401	1,342	944	3,396	2,575	2,521	2,596	2,516	2,288	2,331
<i>N</i> (>1%)		5	5	5	3	4	5	5	5	5	5
Noam Index		627	600	422	1,961	1,288	1,127	1,161	1,125	1,023	1,042

Source: Kommersant, 2011; Integrum-Companies, 2012.

1 TV Technicheskyi Tsentr is the state-owned TV transmission company.

2 Indirectly, NMG owns ZAO REN TV through a 68% stake in Mediaholding REN TV.

Multichannel TV Platforms

p. 287 Cable and satellite TV began operating in Russia after 1991. Although fiber optic cable networks had been installed in many new apartment blocks in the late 1980s, they were intended to inform people in the case of a state of emergency, not to receive foreign cable or satellite programming, which like many foreign radio and terrestrial broadcasts from abroad were officially banned. The fiber optics networks, though, became the first-generation infrastructure for cable TV in many Russian cities, even though from the mid-1990s on, providers were able to offer more technologically sophisticated solutions. Currently, each region in the country has its own cable TV providers (sometimes more; there are at least 4

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100 subnational cable TV providers in Russia today). All in all, about 18% of Russian viewers subscribe to cable platforms while 12% rely on satellite platforms. The regions most highly developed in this respect are Moscow, St. Petersburg, and the 11 largest industrial centers (with populations greater than a million). At the same time, only 10% of the country's population has access to triple-play services. In 2010, the leading cable platform providers at the national level were the Moscow-based NKS (with 4.7 million subscribers), Comstar (2.4 million), Acado (1.3 million), and the regional providers ER Telecom (880,000) and Moline (870,000).

Direct satellite broadcasting (DBS) is dominated by NTV +, established in 1998 and with a subscriber base of 550,000 in 2010, and Tri kolor TV. NTV + was the first company to try experimental high-definition broadcasting (HDTV) in Russia. Tri kolor TV, formerly Natsional'naya Sputnikovaya Kompaniya, entered the market in 2005 and offers a package of channels distributed in the European part of Russia (west of the Ural Mountains). In 2011, Tri color TV had 3.1 million subscribers and became the largest satellite TV platform provider in Russia (and all of Eastern Europe, for that matter). Both cable and satellite TV platforms also provide limited IPTV services (Table 11.7). In total, the Russian market of pay TV in 2010 was valued at US\$1.2 billion (RUB34.9 billion).²⁷

Table 11-7. Multichannel Video Platforms: Cable MSOS, DBS, IPTV (Market Shares by Revenue), 2006–2010

		2006	2007	2008	2009	2010
Trikolor TV(2010)	Satellite TV	n/a	n/a	n/a	n/a	9.2
NTK (NMG)	Cable TV	54.5	18.6	13.2	41.9	26.5
AFK Sistema/SMM	IPTV, Cable TV	n/a	12.5	n/a	n/a	n/a
MTS (before 2010, Multiregion)	Cable TV	5.1	4.2	n/a	n/a	1.1
ER Telekom (Perm Financial and Industrial Group)	Cable TV	6.1	4.2	7.4	23.6	19.0
NTV + (Gazprom-Media)	Satellite TV	n/a	36.5	43.1	n/a	23.1
Svyazinvest (public)	IPTV, Cable TV	n/a	3.1	n/a	n/a	n/a
Akado	Cable TV	10.2	8.7	22.6	22.8	14.9
Norilsk Telecom (Kit Finance Investment Bank)	Cable TV	12.2	5.8	6.3	5.3	2.9
TVT	Cable TV	12.1	6.5	7.5	6.4	3.5
Total Revenue (mil RUB)		6,264	17,631	17,398	19,778	35,822
Total Revenue (mil US\$)		232	653	659	682	1,231
Others						
C4		88.8	76.2	86.3	94.7	83.3
HHI		3,425	2,027	2,693	2,904	1,918
<i>N</i> (>1%)		6	9	6	5	8
Noam Index		1,398	6,76	1,099	1,299	678

Sources: ComNews, 2012; Kommersant, 2011.

Pay TV operators (cable, satellite, and IPTV) provide subscribers with foreign-language programming translated into Russian (55%), 26% of foreign channels untranslated, and 19% of international Russian channels. The market leaders among translated channels are Animal Planet, *The Discovery Channel*, and *National Geographic* (Table 11.8). The breakdown of video channels' popularity in Russia is as follows: entertainment (25% of all cable-delivered channels), educational (20%), movies (13%), sports and music (11% a piece), information (9%), and children's programming (8%).²⁸

Table 11-8. Combined Video Network Industries: Broadcast TV Networks, TV Syndicators, Cable Channels, Pay TV (Market Shares by Revenue), 2008–2011

	2008	2011
VGTRK/Channel One Russia Worldwide (public)		16.8
Karusel		11.5
Moya Planeta		5.3
RBK TV (Onexim Group)		8.7
RU.TV (Russian Media Group)	13.3	8.3
MTG Viasat Broadcasting (Sweden)	34.3	20.6
TV 1000	20.4	8
TV 1000 Russkoe Kino	13.8	7.8
Viasat History		4.8
Discovery Communications (US)	41.2	15.2
Discovery Channel	21.8	7.9
Animal Planet	19.3	7.3
Mir		6.7
Eurosport (TF1 Group, France)		5.4
Disney Channel (Walt Disney, US)		5.3
Bridge Media Group		4.5
National Geographic (Murdoch Family, News Corp., US/UK/AUS)	11.3	4.4
Dom Kino (Channel 1 Russia)		4.2
Total Revenue (mil RUB)	956	5,909
Total Revenue (mil US\$)	36.2	187
C4	75.4	61.3
HHI	1,763	1,242
<i>N</i> (>1%)	4	11
Noam Index	882	374

Source: J'son & Partners Consulting, 2012.

Film

p. 290 Cinema used to be one of the most crucial segments of the Soviet cultural industries and was completely owned and financed by the state. Since 1991, the segment has gone through a dramatic reorganization that has changed its basic economic structure. Currently, the market comprises film production companies that produce movies and TV serials (mostly private companies), companies providing services (15 state and 12 private studios), 756 theaters, and several independent film distributors. These distributors were formed in the late 1980s and early 1990s in close affiliation with Hollywood majors (MGM, United Artists, Paramount, Universal, 21st/20th Century Fox), as many of the Hollywood majors established joint ventures with privatized Soviet film distributors. However, in response to piracy by unlicensed Russian distributors, the Motion Picture Association of America (MPAA) announced an embargo on US film exports to Russia until 1993, which led to a crisis for the industry due to the dramatic decrease of visits to cinemas (a low of 0.25 per person a year in 1997). This created uncompetitive conditions for Russian film distribution companies and cinema operators, who once again dominate the market.

p. 291 Relying on the long-established popularity of the national cinema, Russian film producers are still highly active. Since 2006, 417 feature films have been produced (on average, 104 films per year). The business model for the segment also involves TV-serial production and distribution. Most film production is based on non-return investments, among which are the investments provided by the Ministry of Culture. From 2006

p. 292 on, 279 films have received financial support from the state. Average state support for feature films is US\$0.6 million (RUB 19 million) per film, with a limit of US\$1 million (RUB29 million) on production and US\$0.2 million (RUB5 million) for distribution support. Market players with the largest production budgets —STV, Central Partnership (Paramount Picture's Russian distributor), Art Pictures, CTC Media (Sweden), and VGTRK's Rossiya 1 and 2 channels—received additional state support that amounted to 15% of their production budgets (Table 11.9).

Table 11-9. Film Production/Distribution (Market Shares by Box Office %), 2006–2010

	2006	2007	2008	2009	2010
Central Partnership (ProfMedia/Interros)	6.9	15.3	7.8	16.4	27.4
Walt Disney Studios (US)-Sony Pictures (US, Japan)	0.0	14.9	14.6	27.5	19.9
Karo Premier/Karoprokat ¹	12.5	17.5	15.7	18.7	15.2
21st/20th Century Fox C.I.S. (Murdoch Family, News Corp., US/UK/AUS)	23.4	14.2	18.7	14.9	13.5
United International Pictures (UIP) (Paramount Pictures: Viacom, US) (Universal: Comcast/ GE, US)	11.8	16.8	24.6	7.6	6.1 [*]
West	4.3	4.5	2.9	3.7	4.8
Paradise	5.4	6.9	4.6	3.5	3.5
Cascade Film	20.9	3.4	2.6	0.8	2.2
Leopolis				0.2	1.5
Luxor	0.7	1.5	1.8	1.1	1.4
Others	14.1	5	6.7	5.6	4.5
Total Revenue (mil RUB) ²	12,349	14,436	20,589	23,387	31,861
Total Revenue (mil US\$)	457	566	790	806	1,095
C4	68.6	64.5	73.6	77.5	76.0
HHI	1,376	1,328	1,515	1,683	1,642
<i>N</i> (>1%)	7	9	9	8	10
Noam Index	520	443	505	595	519

Source: J'son & Partners Consulting & European Audiovisual Observatory, 2010.

* Russian distributors.

1 Warner Brothers (US) distributor.

2 Because distributors report their revenues in relation to the entire CIS market, the revenue figures for film cited here represent Armenia, Azerbaijan, Belarus, Georgia (until 2008), Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, and Uzbekistan combined.

Telecommunications Media

Wireline Telecom

State ownership is still a significant feature of the wireline market. The most powerful player in the market, with a market share of 82.6% in 2010, is the open joint stock company (OJSC) Svyazinvest, established in 1994 through the consolidation of the federal government's shares in 85 separate telecommunications providers. Currently, Svyazinvest includes seven large transregional companies, four open joint-stock telecommunications companies belonging to the Giprosvyaz interregional association, and the leading provider of long distance and international telephony, Rostelecom. In 2011, Rostelecom consolidated the market of fixed telephony by joining seven regional telecommunications companies (Table 11.10).

Table 11-10. Wireline Telecom (Market Shares by Revenue), 2005–2010

Providers	Owners	2005	2006	2009	2010
Svyazinvest (public)	Russian Federation: 75% + 1, OJSC Rostelecom 25% + 1	88.1	84.7	83.3	82.6
TransTeleCom (public)	Russian Railways: 100%	6.1	7.0	6.9	8.0
Mejregionalnyi TransTeleCom (MegaFon, Alisher Usmanov)	MegaFon: 100%	2.5	5.0	4.2	3.6
Tattelecom (OJSC Svyazinvestneftekhim) (public)	Government of the Republic of Tatarstan: 100%	0.4	0.6	1.6	1.7
Bashinformsvyaz (OGSC Rostelecom) (public)	Russian Federation: 29.3%, OGSC Rostelecom: 39.9%, Government of the Republic of Bashkortostan: 18.5%	1.7	1.7	1.7	1.7
West Koll	N/A	0.1	0.3	0.6	0.7
Arktel (mostly public)	Russian Federation: 75% + 1, OJSC Mososkovskiy Trastovay Bank Russia: 25%	0.2	0.3	0.6	0.5
Norilsk Telecom (Kit Finance Investment Bank)	Bank Kit Finance Investment Bank: 100%	0.2	0.3	0.5	0.5
Start Telecom	N/A	0.6	0.1	0.5	0.5
Macomnet (Russian Moskovskij Metropolitan Mosteleset) (50% public; 50% US)	Moscow Metro: 50%, Andrew Corporation (US): 50%	0.0	0.0	0.3	0.3
Total Revenue (mil RUB)		240,377	255,501	32,648	328,976
Total Revenue (mil US\$)		8,524	9,463	11,258	11,305
C4		98.4	98.3	95.9	95.8
HHI		7,804	7,251	7,005	6,899
<i>N</i> (>1%)		4	4	5	5
Noam Index		3,902	3,626	3,133	3,450

Sources: Cnews Analytics, 2011; ComNews, 2011; Integrum-Companies, 2012; Open sources.

Wireless Telecom

p. 293 Because of the unchallenged state monopoly in the fixed telephony market that prevailed until the early 1990s (and a lack of investment in the sector during the 1990s), mobile telephony experienced a real boom between 1991 and the early 2000s. The number of cellular subscribers in Russia (measured by the number of active SIM cards) in mid-2011 amounted to 225.1 million. The penetration rate of cellular services (number of SIM cards per 100 inhabitants) in Russia at the same time was 155% (209% in Moscow and 212% in St. Petersburg). Even the most underdeveloped regions have an average penetration rate of 140%.²⁹ Mobile telephony is also increasingly being used for Internet services (22 million subscribers in 2010) because mobile plans are so widely affordable.

The market is characterized by an oligopoly of MTS (32.9%), MegaFon (24.6%), and Vimpelcom (24.0%). The present strategies of these three Russian mobile operators focus international expansion. In 2010, Vimpelcom merged with the Ukrainian telecommunications provider Kievstar, becoming the largest mobile operator in all of Eastern Europe (Table 11.11).

Table 11-11. Wireless Telecom (Market Shares by Revenue), 2003–2010

	2003	2004	2005	2006	2007	2008	2009	2010
MTS (Multiregion)	50.0	44.9	40.0	35.7	42.5	38.7	39.6	35.0
Vimpelcom (public)	31.8	31.9	33.3	34.2	32.6	38.3	35.0	30.7
MegaFon (Alisher Usmanov)	18.2	23.2	26.7	29.5	22.6	20.7	23.1	30.7
Sky-Link (mixed state-public Svyazinvest) [*]	0.0	0.0	0.0	0.0	1.0	1.0	1.0	1.2
Tele2 Russia (Kinnevik, Sweden)	0.0	0.0	0.0	0.7	1.3	1.3	1.3	2.4
Total Revenue (bil RUB)	129	193	254	348	467	697	788	675
Total Revenue (bil US\$)	4.4	6.9	9.0	12.9	18.3	26.4	27.1	23.2
C4	100.0	100.0	100.0	100.0	98.7	98.7	98.7	97.6
HHI	3,843	3,573	3,311	3,385	3,398	3,331	3,116	3,116
<i>N</i> (>1%)	3	3	3	3	4	5	5	5
Noam Index	2,219	2,063	1,912	1,954	1,699	1,666	1,394	1,394

Sources: ComNews, 2011; Cnews Analytics, 2011; AC&M Consulting; RBC, 2011; Integrum-Companies, 2012; Open sources.

* Russian State owns 75% shares minus 1 share, OJSC Rostelekom owns 25% + 1.

Internet Media

Internet Service Providers (ISP)

In 2010, there were 50 million Internet users in Russia (almost 43% of the population), 15.5 million of whom had regular (daily) Internet access. Since 2000, inequities among different regions in terms of access have been going down, and the digital divides among class, age, and gender groups have been lessening. The proportion of women among users is about 40% and more than a third of all users live outside of a major metropolitan area, though a typical user is a male urban professional with a high per capita income between the ages of 25 and 35. Aside from the Moscow and St. Petersburg metropolitan areas and the Urals (which have Internet penetration rates of 51%, 42%, and 38%, respectively), Internet penetration in most other areas barely exceeds one-third of the population.

Around one-third of all connected households (representing 18 million users) have broadband access, while most other home access connections rely on older ADSL lines. The expansion of broadband access will require huge capital investments, and the leading telecom providers—MTS/Komstar, Tsentrtelecom, Vimpelcom, and Akado—have become more active at the broadband segment in Russia in order to take advantage of the market's growth potential (for instance, in 2010 MTS acquired Komstar, merging fixed and mobile operations).

It is extremely difficult to get a detailed picture of the Russian national ISP market due to the profusion of non-broadband access methods and low transparency. The data concerning the broadband segment look quite different compared to market as a whole (Table 11.12).

Table 11-12. Internet Service Providers (Market Shares by Revenue), 2007–2010

Providers	Owners	2007	2008	2009	2010
NTK (NMG)	NMG: 51.8%; VTB: 11.6%; Gazprombank (public): 8.3%; Sberbank Capital: 8.3%; Surgutneftegas 10%; Raybrook: 10%	27.8	14.0	31.8	31.9
Akado (Renova Media Enterprises- Renova Industries)	Viktor Vekselberg: 67%; Yuri Pripachkin: 33%	46.9	50.3	34.0	31.2
ER Telekom	Perm Financial and Industrial Group: 95%; ER Telekom Management: 5%	11.5	17.8	17.9	20.1
NetByNet (MegaFon: Alisher Usmanov)	MegaFon: 100%			4.1	4.5
Ufanet (Cyprus)	Colswick Holdings Ltd. (Cyprus) 99.9%	7.0	7.0	4.7	4.2
Pin Telekom (Pin Group)	Pin Group: 100%	2.2	2.0	1.5	2.4
Gars Telekom	Gars Telekom: 100%	3.7	3.2	2.0	1.9
Smart Telekom	Promsvyaz: 50%; Tels: 50%		3.1	2.1	1.9
Obit	Obit Ltd.: 100%	0.9	2.5	1.9	1.9
Total Revenue (mil RUB)		11,169	16,368	26,100	33,814
Total Revenue (mil US\$)		438	620	900	1,162
C4		93.2	89.1	88.4	87.7
HHI		3,171	3,123	2,539	2,451
<i>N</i> (>1%)		6	8	9	9
Noam		1,295	1,104	846	817

Sources: Cnews Analytics, 2011; Integrum-Companies, 2012; Open sources.

Search Engines

In 2010, the search engine Yandex.ru accounted for 47.1% of the market share, followed by Google.ru (14.2%), Mail.ru (34.8%), and Rambler.ru (3.9%). Besides Google, all of these search engines are Russian owned. Yandex.ru was established by Yandex, a Russian IT group that like Google provides a number of other free Internet-based services (email, news, maps, etc.). Yandex.ru is the fifth largest search engine by volume, as it is also popular in the Ukraine, Kazakhstan, Turkey, and Belarus. Another Russian “success story” in the search engine market has been Mail.ru, which also provides free email services to users. Until 2010 it was part of the investment company Digital Sky Technologies (DST), which is now divided into the Mail.ru Group (Russian assets) and DST Global (assets outside of Russia) (Table 11.13).

Table 11-13. Internet Search Engines (Market Shares by Search Volume), 2008–2009

	2005	2006	2007	2008	2009	2010
Yandex.ru (Yandex)	62.1	70.3	55.0	59.8	54.0	47.1
Rambler.ru (ProfMedia)	32.5	29.7	23.0	20.6	8.0	3.9
Google.ru (Google, US)	0.0	0.0	3.3	5.6	13.5	14.2
Mail.ru	5.4	<i>No data</i>	18.6	14.0	24.5	34.8
Total Revenue (mil RUB)	1,607	2,781	7,650	14,071	14,935	27,179
Total Revenue (mil US\$)	57	103	300	533	515	934
C4	100.0	100.0	100.0	100.0	100.0	100.0
HHI	4,943	5,828	3,915	4,229	3,761	3,642
<i>N</i> (>1%)	3	2	4	4	4	4
Noam Index	2,854	3,365	1,958	2,114	1,881	1,821

Sources: Integrum-Companies, 2012; Open sources.

Online News

According to Yandex.Novosti in 2011, online media reported at least 50 thousand news items on every working day and at least 15 thousand news items on weekends; 80% of this news flow is produced by 20% leading media outlets. The number of online media with no offline analogues in Russia is limited: among the most popular are rbc.ru, lenta.ru, gazeta.ru, and TV channel Dozhd, which broadcasts on the Internet. Internet products of ria.ru, also attract a lot of users. Still, online versions of traditional media—newspapers *Komsomolskaya Pravda*, *Sport-Express*, *Rossiiskaya Gazeta*, *Argumenty i Fakty*, state broadcaster VGTRK, and radio station Ekho Moskvy are the most popular ones. ↵

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The number of unique monthly visitors to the most popular Russian online news media reached almost 22 million in 2012, or 61% of total Russian Internet users. Most users search for information on the Internet and read the news. An interesting fact is that 12% of them trust online news media more than other types of media.

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Today the main and the most dependable source of income for online media is advertising. According to the report of AKAR (Association of Russian Communication Agencies) in 2012, the Internet experienced remarkable growth in advertising income (+ 35%), reaching 56.3 billion rubles. Almost one-third of Internet advertising (17.9 billion rubles, with growth of 17%) belonged to online news media, while context advertising, with growth of 45%, comprised the remaining two-thirds (38.4 billion rubles).

At the moment there is no clear understanding of the business models functioning in the Russian online media. The main source of income remains advertising, and in many cases advertising in traditional—print or audiovisual—media. However, the revenues for the online activities are not reported separately from those for offline media. In this situation, analyzing the future of paid news content is futile. (Table 11.14).

Table 11-14. Online News Media (Market Shares by Monthly Unique Visitors), 2005–2011

	2005	2006	2007	2008	2009	2010	2011
Rbc.ru	25.5	25.4	31.0	24.6	17.5	15.0	17.8
Kp.ru (Komsomolskaya Pravda)	9.2	10.9	11.6	12.2	13.4	14.5	16.4
RIA.ru (RIA Novosti) (public)	5.0	6.7	7.2	10.0	14.4	15.0	14.5
Vesti.ru (Vesti)	3.5	3.1	3.3	6.7	6.7	9.5	12.2
Lenta.ru	14.7	16.2	13.7	15.0	13.1	9.5	9.7
Utro.ru	15.8	14.6	12.7	10.8	6.9	8.4	8.7
Gazeta.ru	12.5	11.2	10.6	9.8	9.0	6.9	6.9
Newsru.com	12.5	10.8	8.5	8.1	6.8	5.4	5.7
Infox.ru	0.0	0.0	0.0	1.4	7.6	6.8	5.0
Gzt.ru	1.3	1.1	1.5	1.4	4.5	9.0	3.0
C4	68.6	67.4	68.9	62.6	58.4	54.0	61.0
<i>N</i> (>1%)	9	9	9	10	10	10	10
HHI	1,553	1,537	1,691	1,406	1,164	1,114	1,231
Noam Index	7	7	7	6	6	5	6

Source: TNS, 2012.

Conclusion

The main trends in the transformation of media ownership in Russia in the 2000s have been a decrease in commercial media capital and the proportionate increase in state capital and mixed (state and private, non-media) capital. The largest media companies are concentrated (directly or indirectly) in the hands of government-controlled structures (VGTRK, Gazprom-Media) or are private enterprises that are mainly active in non-media sectors like the extractive sector or finance (ProfMedia, NMG).

Both wireline and wireless telecom have aggregated the highest revenues of all media sectors. Of print and audiovisual media, broadcast TV (as the main advertising venue) has showed comparatively good economic results, and magazines have seen their revenue streams stabilize after 2010 (Table 11.15).

Table 11-15. Top Russian Media Groups' Annual Revenue (Mil US\$), 2008–2011

Media Group	Ownership Details	Properties	Total Revenue (mil US\$)		
			2008	2009	2010
Gazprom-Media	Russian private, Gazprombank	Broadcast TV (NTV, TNT), satellite TV (NTV-Mir, NTV +), book publishing (Sem Dney), newspapers (<i>Tribuna</i> , <i>Chas Pik</i>), radio stations (Echo of Moscow, Siti-FM, Popsa, Nekst, Relaks-FM, Detskoye Radio), film production/distribution (NTV-Kino), advertising (NTV-Media), film exhibition (Oktyabr, Kristal-palas)	1,291	1,154	1,347
Channel One Russia (public)	Russia, Rosimushestvo—38.9%, Limited liability company “RastrKom-2002” (NMG)—25%, Limited liability Company “Ort-cb”—24%, ITAR—TASS News Agency—9.1%, FGUP “TTC” Ostankino—3%	Broadcast TV (Channel One Russia)	942	756	841
VGTRK (public)	Russian, public	Broadcast TV (Rossiya 1, Rossiya 2, Kultura, Vesti 24), cable TV (RTR-Planeta, Sport-Planeta, Bibigon), satellite TV (GTRK), radio (Radio Rossiya, Mayak, Kultura, Vesti-FM, Rossiya), online news (Rossiya 1, Rossiya 2, Kultura, Vesti 24)	928	640	693
ProfMedia	Russian private, Interross	Book publishing (Afisha, B2B-Media), radio (Avtoradio, Avtoradio St. Petersburg, Yumor-FM, NRJ, Alla) video channels (TV-3, 2X2, MTV-Rossiya, VH1-Rossiya), film production/distribution (Central Partnership), film exhibition (Cinema Park)	N/A	556	636
CTC Media (Modern Times Group, Sweden)	Modern Times Group, Sweden	Broadcast TV (CTC, Domashny, Peretz, 31 Kanal, CTC TV Dixi),	606.5	553.5	627.7
National Media Group (NMG)	Russian private	Broadcast TV (REN TV), newspapers (<i>Izvestia</i>)	N/A	482.7	N/A
Yandex	100% of the share capital, registered in the Netherlands Company Yandex NV	Search engines (Yandex.ru, Yandex Dengi, Yandex Probki)	N/A	311	452
Media 3	Russian private	Newspapers (<i>Aif</i> , <i>Trud</i> , <i>Ekstra M</i> , <i>Centr Plus</i>)	N/A	406.8	446.7
Mail.ru Group	53.2%—Digital Sky Technology (DST) 42.9%—South African holding company Naspers 3.5%—Dmitry Grishin	Search engines (Mail.ru)	64.0	126	324
Hearst-Shkulev Media	Russian private—51%, Hearst Corp.—49%	Magazine publishing (<i>Elle</i> , <i>Elle Girl</i> , <i>Elle Decoration</i> , <i>Maxim</i> , <i>Marie Claire</i> , <i>Parents</i> , <i>Psychologies</i> , <i>Departures</i> , <i>Antenna-Telesem</i> , <i>Va-Bnak</i> , <i>StarHit</i>)	N/A	173.5	199.3
Eksmo	Russian private	Book publishing	147.7	155.2	161.5
Sibirsky Delovoy Soyuz (SDS)	Russian private	Radio (Europa Plus, Retro FM, Radio 7, Keks-FM, Svezhee Radio, Eldorado)	66.1	112.7	133
Google.ru	Larry Page—28.2% of the voting shares, Sergey Brin—27.7%, * Eric Schmidt—10.3%.	Search engines	29.7	69.0	132.9
AST	Russian private	Book publishing	102	131	129.5

SDS	Russian private	Book publishing	83.3	89.6	106.5
Russian Media Group (RMG)	Russian private	Radio (Russkoe Radio, Hit FM, Maximum, DFM, Monte Carlo)	N/A	40.6	50.5
Komsomolskaya Pravda	Russian + Norwegian, media industry	Newspapers (<i>Komsomolskaya Pravda</i> , <i>Sovetsky Sport</i>)	46.9	N/A	N/A
Rambler	Closed Joint-stock Company, "Rambler Media." The largest shareholder Rambler—Vladimir Potanin's holding company, "Prof-Media" (54.8%). About 26% is traded on the alternative market of the London Stock Exchange	Search engines (Rambler.ru)	109.8	41.3	36.7
Moskovskij Komsomolets	Russian private	Newspapers (<i>Moskovskij Komsomolets</i> , <i>MK-Region</i> , <i>MK-Bulvar</i> , <i>MKmobil</i>), magazine publishing (<i>Atmosfera</i> , <i>Ochota I Rybalka XXI</i>)	14.5	22.5	23.2
Burda Russia (Hubert Burda Media, Germany)	Hubert Burda Media, Germany	Magazine publishing (<i>Liza</i> , <i>Priyatnogo Appetita</i> , <i>Otdohni!</i> , <i>Moi Prekrasny Sad</i> , <i>AvtoMir</i> , <i>Dobrye Soveti</i> , <i>Moi Rebenok</i> , <i>Oops!</i> , <i>Chip</i> , <i>Goroskopy</i> , <i>Krossvordy</i> , <i>Lyublu Gotovit</i>)	N/A	N/A	N/A
Sanoma Oyj (Finland)	Finland	Magazine publishing (<i>Cosmopolitan</i> , <i>Cosmopolitan Beauty</i> , <i>Cosmopolitan Shopping</i> , <i>Harper's Bazaar</i> , <i>Collezioni</i> , <i>Wedding</i> , <i>Grazia</i> , <i>Mamas & Papas</i> , <i>Men's Health</i> , <i>Esquire</i> , <i>Yes!</i> , <i>National Geographic</i> , <i>National Geographic Traveler</i> , <i>Prime Traveller</i>). Newspapers (<i>The Moscow Times</i> , <i>The St. Petersburg Times</i> , <i>Vedomosti</i> , <i>Na Rublevke</i>).	N/A	N/A	N/A

p. 296 From 1991 until the 2008 global financial crisis, US\$900 million (RUB23.8 billion) had been spent in the Russian media market on ↵

p. 297 ↵

p. 298 ↵

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mergers and acquisitions, and this trend will continue in the short- to medium-term. Transparency is also increasing: since the early 2000s, more firms have begun publishing annual reports online for public viewing. It must be noted, however, that only a few media enterprises have chosen to go through initial public offerings (IPOs) to list themselves on international stock markets (Rambler Media, CTC Media, and RBK-Information Systems).

Some profitable media enterprises were established through the influx of foreign capital into the national media system, but in the 1990s, especially during the period of initial capitalization, the foreign investments were rather unevenly distributed among different media segments. Widescale expansion of foreign media enterprises into the Russian media market only began in the 2000s, in response to increased economic stability. As a result, a number of foreign media groups entered the market: Axel Springer (Germany), Bertelsmann AG (Germany), Hubert Burda Media (Germany), Bonnier AB (Sweden), Modern Times Group (Sweden), Condé Nast (US), the Edipresse Group (Switzerland), Sanoma Oyj (Finland), Trader Classified Media NV (the Netherlands), and others. US online services such as AOL, MSN (Microsoft), and Google have all sought to enter the Russian Internet market, though so far only Google.ru has secured a significant market share (and lags far behind Russian search engines and online news portals). The key development strategy for foreign print and audiovisual media enterprises in Russia is to localize their global brands, an approach that has been most successful in magazine publishing. Notably, few foreign media organizations have decided to open their own offices in Russia; most of them have confined themselves to buying large share-holdings of publishing houses or forming joint enterprises with Russian partners to offer Russian-language editions of their flagship periodicals.

At the subnational level, concentration is increasing, though the process is still in its infancy. Only a few regional companies are comparable with the Moscow metropolitan players in terms of turnover and impact on regional media systems. The most successful are Abak-Press (Altai); the Baltic Media Group and Bonnier AB Grupp Rossiya (St. Petersburg); Korporatsia Fyodorov (Samara); Provintsia (a consortium serving 40 regions); Tomsk Media Group (Tomsk); Chetvyortiy Kanal (Yekaterinburg); and Yuzhniy (Rostov). The most popular reason for the diagonal or cross-concentration of regional media companies is to optimize limited financial resources to maintain as few distribution networks for print and audiovisual media as possible, well as to find new sources of income besides long-time business models based on subscriptions and advertising (though all of the aforementioned regional media companies have become much more active in their respective regional advertising markets). A particular feature of the regional media markets that affects regional media companies and their ownership structures is the informal financial support by regional authorities, especially to local newspapers.

Increased concentration has contributed to the general expansion of the Russian media market and stimulated the development of all its sectors. Large media corporations have been established to accumulate and optimize the distribution of capital necessary for expansion. The Russian model of media concentration as a whole is characterized by centripetal tendencies: privately owned Muscovite and state-owned media enterprises (also based out of Moscow) dominate the national media markets. Given its special administrative status as the capital and a strong economy, Moscow leads the field among other cities in the Russian Federation. It is not surprising, therefore, that Russian media tycoons tended from the very start to develop their businesses in the capital, where conditions were most favorable and the central hubs of Soviet era distribution and infrastructure networks were sited. The growing interest of the larger media companies, especially terrestrial broadcasters, in regional media markets can be accounted for by the regional actors' cultural and physical proximity to the audiences the larger media companies would like to reach.

p. 300 However, certain peculiarities of the Russian model of media concentration have not changed much over time. The most distinctive ↪ characteristic of the Russian media market at the national level is the predominance of a "diagonal" growth strategy (or cross strategy). The fact that this type of concentration prevails in Russia can be accounted for by the way privatization was implemented in the early 1990s. New businessmen who had cut their teeth in a variety of private enterprises in the final years of the USSR's existence used the privatization auctions held by the state to start acquiring any media properties that were available. Mass expansion began in all sectors of the national media industry, first in newspapers, magazines, television, and radio, and later in the film industry and the Internet. Notably, some large media gained control over already existing outlets, while others preferred to start up their own.

Considering the development of the Russian media market during the 1990s in terms of ownership structure, one can observe two important driving forces: state capital (distributed from the state budget) and private/entrepreneurial capital. Of the latter, there are three varieties: that of Russian financial and industrial groups led by a coterie of *nouveaux riche* Russian businessmen collectively addressed as the "oligarchs"; that of foreign capital (mostly from pan-European media producers); and that of emerging media groups created solely within the media markets. Although the latter type remains weak in the Russian media industry, it is expanding and creating a separate segment within the industry from foreign-owned media and the outlets run by either oligarchs or the federal government.

Consequently, there exist three main types of media companies in Russia: state, commercial, and hybrids of the two. It is no exaggeration to say that the media industry in Russia has almost without exception developed through total diversification, which manifests itself in the entry of Russian financial, industrial, and financial-industrial groups' capital into the media market. It was the latter type that served as the foundation for most of the still-extant Russian media enterprises.

One of the key reasons why it is difficult to characterize the Russian media is the lack of transparency in the market in general and in the media market in particular. The most obvious problems are the overstated circulation rates of newspapers and magazine and the prevalence of falsified ratings of the broadcasting channels aimed at comforting advertisers. In addition, many of the oligarchs still maintain a high degree of secrecy regarding their holdings, particularly ownership of media companies. In fact, no government agency today possesses comprehensive statistical data on the condition and dynamics of the national media market as a whole. Mapping concentration in the Russian media is difficult due to the lack of public disclosure from media producers, low overall economic transparency, and rapidly changing ownership structures, especially when major media companies owned by industrial groups register their media holding companies offshore or as closed enterprises that have no obligations to make their ownership details public.

Finally, the process of technological convergence is proving beneficial first and foremost to the larger media producers, which are moving to established multimedia newsrooms. Although there is much room for development in this regard, the process can be observed in the establishment of print media titles by RBK Information Systems solely to recycle their existing online content and in the acquisition of Rambler Media by ProfMedia. Online media projects are gradually becoming full-fledged participants in the market. The pioneering companies in this field are the aforementioned RBK Information Systems, and Rambler Media, as well as Yandex, which already offers news content through Yandex.ru. In time, new subsidiaries within the established media groups will emerge to specialize in online media. As media and communication channels are becoming more interwoven, firms such as Gazprom-Media, SMS, and Renova are developing cable and satellite TV platforms in order to pursue new multimedia projects.

p. 301 Paradoxically, grater commercialization is also contributing to the growth of centripetal trends in the audiovisual market. This is due to two factors. First, Russian television advertising is increasingly being targeted to national, instead of local, audiences. As a consequence, national broadcasters and multisystem operators (MSOs) are the ones mainly benefitting from advertising revenues. Second, the pressures exerted by regional political elites over regional TV companies are much weaker than the pressures exerted by the federal government on national television content producers. Local authorities aim to create favorable economic and regulatory conditions for national TV companies' local affiliates by seeking Moscow-based media moguls' support during election campaigns. This political game is contributing to the centralization of the TV landscape even as moguls undertake efforts to try and maintain autonomy from Moscow.

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Russia—Data Summaries

RUSSIA IS A HIGHLY concentrated media market, with a Weighted Average HHI of 4,014 in 2010, ranking it seventh internationally. Russia has only possessed independent media outlets since the dissolution of the USSR in 1991, but the number of voices, net and total, has been growing. Declining market shares for wholly state-owned enterprises like Svyazinvest—Russia’s largest telecommunications holding company, which is 75% state owned—and VGTRK, a state owned unitary enterprise in broadcasting, also reduced overall concentration. Significantly, much of capital investment for media comes from the state and parastatal organizations, rather than from private investors. The government still controls 26.7% of the national media market (Table 11.16), primarily through the purchase of stakes in ostensibly private companies such as Gazprom Media, which is actually a semi-governmental entity due to its links to its namesake corporate parent.

Table 11-16. National Media Industries Concentration in Russia

	2004/5		2011 or Most Recent		% Change Annual Average	
	Company Power Index in Country	Company Share of the Overall National Media Market (%)	Company Power Index in Country	Company Share of the Overall National Media Market (%)	Company Power Index in Country	Company Share of the Overall National Media Market (%)
Government of Russia	3,465	40.5	1,998	26.7	-7.1	-2.3
<i>Svyazinvest (public)</i>	3,189	36.3	1,588	19.9	-8.4	-2.7
<i>Gazprom-Media (50% public)</i>	45.2	1.7	108.9	3.5	23.5	0.3
<i>Channel One Russia (public)</i>	86.0	2.2	35.4	1.7	-9.8	-0.08
<i>RIA Novosti</i>	0.1	0.01	4.0	0.3	958.3	0.04
<i>VGTRK (public)</i>	29.7	1.4	25.2	1.5	-2.5	-0.02
<i>Prosveschenie (public)</i>	6.4	0.3	5.0	0.2	-4.2	-0.01
Multiregion (MTS)	693	17.4	671	19.2	-0.5	0.3
VimpelCom (39.5% Telenor, Norway)	480	14.4	516	16.8	1.3	0.4
MegaFon	311	12.6	483	16.6	9.2	0.7
Yandex.ru	10.6	0.2	41.8	0.9	25.7	0.1
Mail.ru	0.1	0.02	22.8	0.7	4726.6	0.1
Natsionalnaya Media Gruppy (NMG)	49.8	1.2	41.5	1.5	-2.8	0.04
Eksmo-AST	0.0	0.0	36.2	0.6	0.0	0.1
<i>Eksmo</i>	12.7	0.4	0.0	0.0	-16.7	-0.07
<i>AST</i>	8.8	0.3	0.0	0.0	-4.1	-0.05
Akado	47.5	1.1	28.4	1.1	-6.7	0.0
Komsomolskaya Pravda	10.0	0.3	17.5	0.6	12.5	0.06
ER Telekom	0.4	0.1	9.0	0.5	3.4	0.1
Evropeiskaya Media Gruppy (EMG)	14.9	0.4	8.6	0.3	-7.1	-0.03
Sanoma (Finland)	18.3	0.4	7.8	0.2	-9.5	-0.04
Google (US)	0.0	0	3.8	0.3	N/A	0.05
ProfMedia	9.2	0.5	19.6	0.8	18.9	0.06

Sony/Disney (Japan, US)	0.0	0.0	8.9	0.5	N/A	0.08
Karo Premier	0.9	0.1	1.9	0.2	20.8	0.01
Hearst-Shkulev Media (51% Shkulev, 49% Hearst, US)	6.5	0.2	4.9	0.1	-4.1	-0.02
Kommersant	10.6	0.3	2.5	0.1	-12.7	-0.02
MTG (CTC Media, Sweden)	2.0	0.06	1.6	0.08	-3.7	0.003
Russkaya Media Gruppa (RMG)	6.5	0.3	1.2	0.1	-13.5	-0.03
Drofa	3.9	0.2	1.1	0.1	-11.9	-0.02
Moskovskij Komsomolets	2.0	0.1	0.3	0.05	-14.3	-0.01
Bauer/Logos-Media (Bauer, Germany)	2.5	0.15	0.2	0.03	-15.1	-0.02
Trud	0.1	0.02	0.1	0.02	1.0	0.0

Media Concentration Index	2004/5	2011 or Most Recent	% Change Annual Average
Total Revenue: Nat'l Media Industry (mil US\$)	20,792	49,534	23.0%
Total Voices (<i>n</i>)	52	71	6.1%
Net Voices (<i>n</i>)	43	59	6.2%
Public Ownership (%)	40.5	26.7	-2.3%
Foreign Ownership (%)	8.1	8.4	0.05%
C4 Average—Weighted	98	94.4	-0.6%
HHI Average—Weighted	5,214	4,014	-3.8%
C1 Average—Weighted	61	49	-0.02%
Noam Index Average—Weighted	2,066	1,700	-3.0%
Pooled Overall Sector C4	74.0	64.4	-1.6%
Pooled Overall Sector HHI	2,160	1,372	-6.1%
Pooled Overall Sector Noam Index	226	245	1.4%
Market Share of Top Ten Companies: Nat'l Media Industry (%) (Pooled C10)	78.2	70.0	-1.4%
National Power Index	4,927	3,495	-4.8%

Gazprom–Media is the most diversified of the top four companies, with a 50% public ownership. The state dominates the content market by owning three of the four national companies. (Channel One Russia and VGTRK are 100% fully state owned.) Together, these networks hold 70.9% of the national broadcast TV market and 40.6% of the entire content market (Table 11.17). The state does not have stakes in the growing online media.

Table 11-17. Top Content Media Companies in Russia

	2004/5		2011 or Most Recent		% Change annual Average	
	Company Power Index in Country	Company Share of the National Content Media Market (%)	Company Power Index in Country	Company Share of the National Content Media Market (%)	Company Power Index in Country	Company Share of the National Content Media Market (%)
Government of Russia	2,265	34.8	2,609	40.6	2.5	1.0
<i>Gazprom- Media (public, 50%)</i>	350.4	12.8	532.1	16.5	8.6	0.6
<i>Channel One Russia (public)</i>	667	16.9	189	9.2	-12.0	-1.3
<i>RIA Novosti</i>	0.5	0.1	21.5	1.5	653.3	0.23
<i>VGTRK (public)</i>	230	10.7	134.3	8.1	-6.9	-0.4
<i>(a)Prosveshcheniye</i>	49.9	2.2	26.5	1.2	-10.0	-0.2
Yandex.ru	84.1	1.4	253.1	5.4	20.2	0.7
Mail.ru	0.6	0.1	138.1	4.0	3,595.2	0.64
Eksmo-AST	—	—	218.9	3.6	N/A	N/A
<i>Eksmo</i>	101	3.1	0.0	0.0	-16.7	-0.5
<i>AST</i>	69.6	2.6	0.0	0.0	-16.7	-0.4
Komsomolskaya Pravda	79.5	2.4	106.0	3.8	5.5	0.2
EMG	118.2	3.4	51.9	1.6	-9.4	-0.3
MTG (CTC Media, Sweden)	16.3	0.5	9.7	0.5	-6.7	-0.001
Sanoma (Finland)	145.3	3.2	47.4	1.1	-11.2	-0.4
Google (US)	0.0	0.0	23.0	1.6	N/A	0.3
ProfMedia	72.9	3.9	118.5	5.0	10.4	0.2
Sony/Disney (Japan/US)	0.0	0.0	54.1	2.8	N/A	0.5
Hearst-Shkulev (Russia-US)	51.6	1.9	29.7	0.8	-7.1	-0.2
ER Telekom	1.1	0.2	17.9	0.9	2.6	0.1
Kommersant	84.3	2.2	15.2	0.9	-13.7	-0.1
Akado	3.0	0.3	11.0	0.7	43.7	0.07
Karo Premier	6.8	1.1	11.7	1.3	11.9	0.03
RMG	51.8	2.2	7.5	0.6	-14.2	-0.3
Drofa	30.7	1.7	6.7	0.6	-13.1	-0.2
Moskovskij Komsomolets	15.6	1.0	1.7	0.3	-14.9	-0.1

Bauer/Logos-Media (Bauer, Germany)	19.9	1.2	1.5	0.2	-15.4	-0.2
Trud	0.4	0.2	0.3	0.1	-3.3	-0.01
Media Concentration Index		2004/5	2011 or Most Recent		% Change Annual Average	
Public Ownership (%)		34.8	40.6		1.0%	
Foreign Ownership (%)		19.2	10.9		-1.4%	
C4 Average—Weighted		93.4	94.5		0.2%	
HHI Average—Weighted		3,888	3,896		0.04%	
C1 Average—Weighted		51	56		1%	
National Power Index		3,879	4,071		0.8%	

p. 304 In platform media, state control is declining due to the availability of mobile and fixed line services from private companies. Russia's demographics and geography do not lend the state enterprise Svyazinvest significant advantage, and its market share has nearly halved between 2004 and 2010, from 41.5% to 24.5% (Table 11.18). It lost subscribers to Vimpelcom in mobile and to MTS in cable distribution. MTS became the largest platform media company in Russia with a market share of 23.5%. ↵

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The Russian-founded mobile provider Vimpelcom is partly owned by Telenor (Norway) and has become the second-largest platform company in Russia, with 20.6% of platforms (Table 11.18). It is headquartered in the Netherlands. Foreign multimedia producers have had limited success in the country since 1991. The exception is magazine publishing. Three of the four major magazine companies—Sanoma (Finland), Hearst Shkulev Media (50% US), Bauer (Germany)—are foreign owned. Even Google (US) has a marginal share of the search engine market here, which is dominated by Yandex.ru and Mail.ru. These platforms provide popular social media and email services, which undercuts Google's appeal for Russian consumers.

Table 11-18. Top Platform Media Companies in Russia

	2004/5		2011 or Most Recent		% Change Annual Average	
	Company Power Index in Country	Company Share of the National Platform Media Market (%)	Company Power Index in Country	Company Share of the National Platform Media Market (%)	Company Power Index in Country	Company Share of the National Platform Media Market (%)
Government of Russia (Svyazinvest)	3,649	41.5	1,920	24.5	-7.9	-2.8
MTS	795	19.9	822	23.5	0.6	0.6
MegaFon	357	14.4	603	20.8	11.5	1.1
Vimpelcom (39.5% Telenor, Norway)	551	16.5	632	20.6	2.5	0.7
Akado	54.1	1.2	32.5	1.2	-6.6	-0.003
ER Telekom	0.3	0.1	7.4	0.4	3.7	0.06

Media Concentration Index	2004/5	2011 or Most Recent	% Change Annual Average
Public Ownership (%)	41.5	24.5	-2.8%
Foreign Ownership (%)	6.5	8.1	0.3%
C4 Average—Weighted	99	96.5	-0.4%
HHI Average—Weighted	5,422	4,131	-4.0%
C1 Average—Weighted	63	48	-2%
National Power Index	5,094	3,459	-5.4%

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29. The high rates stem from the fact that many subscribers have multiple SIM cards from different operators and use different SIM cards in the same device depending on whether the call is work-related or personal.