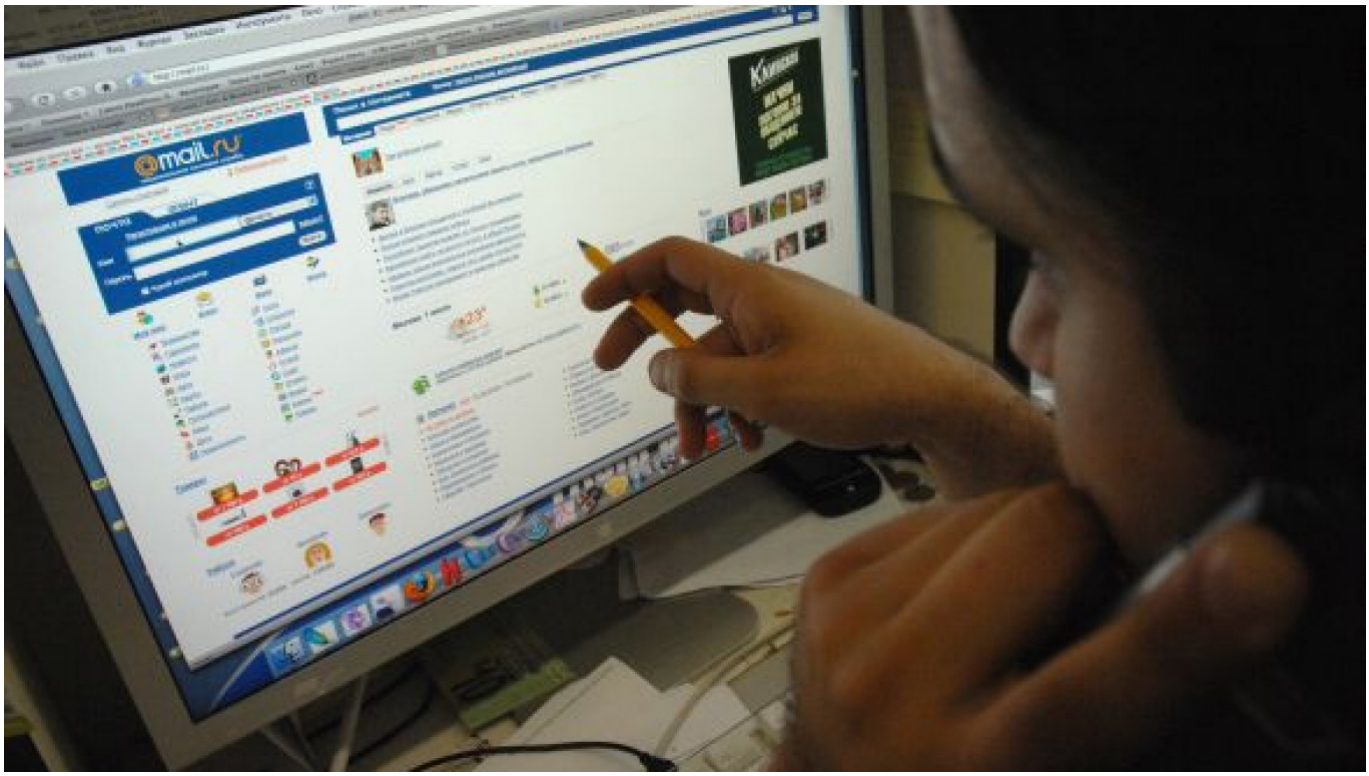
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Study: Online Spending to Soar

By Olga Razumovskaya

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Spending by online shoppers will grow to 800 billion rubles in 2012 from 600 billion rubles this year, a study says. **Sergei Porter**

Russians will spend $19.5 billion online this year mostly to pay for plane and train tickets, mobile services and music, according to the first major research of the market's value, released Tuesday.

Spending by online shoppers, mostly Muscovites, will grow to 800 billion rubles ($26 billion) in 2012 from 600 billion rubles anticipated this year, the study by Google Russia and Citibank found.

This still leaves Russia a way to go: Spending over the Internet accounts for less than 0.5 percent of the country's gross domestic product compared with 7 percent in Britain, said Konstantin Kuzmin, marketing director at Google Russia.

More than 40 million Russians are using the Internet, and almost all of them browse the network in search of products and services, he said.

“At the same time, the e-commerce market is also rapidly growing,” Kuzmin said.

Andrei Oberemok of Citibank noted that the recent economic meltdown had a stimulating effect on the market.

“The volume of online purchases has not only failed to drop, but actually continued to grow during the crisis,” he said, adding that many Russian companies moved their businesses online because they realized that costs were significantly lower on the Internet.

Since January 2008, most online transactions — 29 percent — were to pay for mobile services, and the average bill was 548 rubles, the study said. The second highest proportion of people, 14 percent, bought train tickets, while 10 percent left their money in music stores.

In terms of money spent, plane tickets represented the biggest share of the market, accounting for 35 percent of the expenses, the study showed. They were followed by train tickets with 13 percent. Payments to tourist agencies came at 7 percent, and mobile services were next.

The study, which the authors said covered the period between January 2008 and September 2010, also suggested that single, young, well-educated and well-to-do men residing in Moscow are the most active Internet buyers. On average, the study said, men frequent Internet stores twice as much as women do.

To conduct the study, Citibank analyzed the data from 450,000 of its clients across Russia on their use of plastic cards. It also used information from its partners and researched publicly available sources to estimate the present and future volumes of the market.

Anna Lepetukhina, a Troika Dialog analyst, said online spending might be larger than the study found because it didn't take into account purchases made through electronic payment systems such as Yandex.Dengi.

Lack of trust in online purchases remains a weak point of this market, she added.

“The comfort level of Russian consumers purchasing goods online lags behind that of foreigners' but probably not by much,” she told The Moscow Times.

“Buy uggs” remains the most popular request on Google in Moscow, while St. Petersburg buyers are mostly interested in getting a bicycle, the study said. To compare, residents of the Vologda region in central Russia dream of purchasing furniture.

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