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City to Compensate for Banner Ads

By Lena Smirnova

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Congratulating the FSB on its holiday with a banner, as this company did, will no longer be possible after August. **Igor Tabakov**

The city has set aside 80 million rubles ($2.85 million) in compensation for advertisers when the ban on street banners in the center is implemented this summer, the director of Moscow's department of mass media and advertising said in a news conference Friday.

By the end of August, Vladimir Chernikov plans to take down more than 2,000 banners that are on display within the Garden Ring. While most of the banners are legal, Chernikov said he has already taken down 10 illegal banners since assuming his position half a year ago.

"This must be done decisively because the interests of four or even 10 companies can't trump the interests of Muscovites," Chernikov said.

The city will have to terminate long-term contracts with some of the 26 firms that specialize in banner ads in order to move forward with its plans. Chernikov said the city plans to reimburse the firms for the outstanding balance on their contracts.

Mosgorreklama, Moscow's largest banner advertiser, has a contract with the city that expires in mid-2012. Alexander Zaretsky, development director at Mosgorreklama, warned that the premature end to such contracts could discourage advertisers from ensuring the safety of their displays.

"A long-term contract gives the company the ability to invest in its stock and comply with all the safety standards for placing banners over the roads and not live day-by-day, waiting for when the rusty construction falls apart from old age," he said.

Compensation also won't be enough to help medium and small businesses, an expert from one of the city's largest outdoor advertising firms, who wished to remain anonymous, wrote to The Moscow Times.

He predicted that there will be a jump in prices on the remaining outdoor ads, which will bump medium and small businesses off the playing field.

"[The city government] is destroying a whole segment," he wrote. "It is not only the operators who are suffering, but also specialized printing houses. A huge number of workers of technical departments will be left without jobs."

Sporting events, theater shows and holiday celebrations are most commonly advertised on road banners and will be most hit by the city's hard-line approach, Zaretsky said. He expects that many of these advertisers won't be able to find suitable alternatives after the city takes down their ads.

Chernikov said the city will push forth with getting the banners down even if it means going to court with the advertising firms.

Moscow is also moving forward with its plans to banish illegal advertising on screens and fences shielding construction sites. Mayor Sergei Sobyanin announced a ban on all advertising on construction screens in the city center last week.

Only eight out of 73 construction sites that feature large advertisements have permission to do so. Earlier analysis showed that 80 percent of the ads did not really cover construction sites, but functioned only as advertising.

City officials are encouraging advertisers to take down the ads themselves, but Chernikov noted that if necessary, the city would use money from its budget to take down the ads and then sue the companies for reimbursement.

Chernikov expects that this move will reduce the number of large advertisements in the city center and promote different advertising forms, such as smaller ads and ads on outdoor furniture.

"This mostly concerns large ads and ads that don't comply with rules," he said. "Advertising, as such, will remain, but it will be in a slightly different format."

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