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Yandex Figures Out How to Get Paid for Music Service

By Lena Smirnova

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Yandex has found a way to make its legal music service profitable and bring greater returns to copyright owners, the company said.

Yandex.Music, which holds more than 2.3 million tracks, will now be monetized by placing a multimedia ad on the service's site beginning this week. Unlike other music portals, Yandex is exploring the possibility of paying copyright owners based on ad viewership rather than the sale of content, which the company said is a more profitable alternative.

"We are confident that in our conditions, the ads will provide copyright owners greater profits than the sale of content," said Alexei Tretyakov, Yandex's commercial director.

The banner, which covers a third of the Yandex.Music site, gives advertisers the option of displaying text, photos, video and flash files to promote their products. Yandex paid copyright owners before, but its representatives declined to disclose how much more

the owners will be paid now that the company is selling ad space.

"For most of the existing agreements with copyright owners, we are planning to start paying the owners their share from the ad sales already in the current contract year," Yandex's press office wrote in an e-mailed statement to The Moscow Times.

But the managers of other music portals doubt whether the Yandex venture will be very profitable.

"It doesn't look like they'll be able to make a lot of money off it. Their catalog [of music] is very large, so it's unlikely that one banner will cover the cost," said Dmitry Kurkin, deputy editor-in-chief of the free music portal Zvuki.ru.

The payment model may prove to be profitable five years from now depending on how the labels, artists and listeners react to it, Kurkin said, but for now it only shows that the company bowed to the inevitable — Russians will never pay for digital music.

"This [project] is a sign that the people who sell music are not able to force music listeners in our country to pay for music — that is just unrealistic," Kurkin said.

Sonia Sokolova, co-founder of Zvuki.ru, said she approached Yandex representatives three years ago with a similar idea, but back then the company was focused on getting a bigger audience, so any kind of monetization was discarded as a potentially damaging step.

"It is cool that they are doing this now, even if it is three years later," Sokolova said.

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