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Boob Tube Advertising Still Outdoing Internet

By Irina Filatova

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Major companies plan to keep spending half their advertising budgets on TV, according to Video International. **Igor Tabakov**

Although the number of Russia's Internet users is steadily growing, television is likely to remain more important for advertisers, who are expected to spend half of their ad budgets on TV commercials over the next decade, a leading ad seller said Saturday.

Major companies have spent about 50 percent of their annual advertising budgets on TV commercials over the last couple of years, and "there's every reason to believe that the situation won't change till 2020," said Alexander Liger, deputy chief executive of Video International, whose clients include Channel One, Ren-TV and St. Petersburg's Channel 5.

The Internet is expected to gradually eat into the advertising pie, but the biggest advertisers — represented by FMCG companies — are still likely to place their bets on television, which provides access to a broader audience, Liger said at an investment forum organized

by Sberbank and Troika Dialog.

"It's important for FMCG companies to cover the territory of the whole country, and television is the best way to do so," he told a panel session.

The share of ad budgets earmarked for the Internet is expected to reach 20 percent by 2020 compared with 11 percent in 2010, according to a presentation by Video International.

Preliminary estimates show that expenditures on television ads reached nearly 130 billion rubles ($4.2 billion) last year, excluding value-added tax, while the size of the country's overall advertising market is likely to grow by about 17 percent from 2010 to reach 250 billion rubles, Liger told The Moscow Times after the session.

The country's total ad market might grow 5 percent to 10 percent this year, although it remains vulnerable to external risks, he said, referring to the strained economic situation in Europe.

Multinational companies that place advertising in Russian media are headquartered abroad and their decisions on whether to cut ad spending largely depend on the situation on global markets, Liger said.

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