The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Media Revenue Streams Going Virtual, Regional

By Lena Smirnova

March 25, 2013



Print and television are still the leaders for attracting advertising spending but Internet media are quickly gaining ground, according to a new report by the RIA-Novosti research center.

The study, which was presented Tuesday, looked at the development of the news media in Russia last year and highlighted potential future trends. It was carried out in December and January by analyzing data from the biggest research agencies, followed by consultations with media experts.

More Russians are turning to news media outlets, and the trust in these sources is also increasing, the study said.

The increase in Internet use is particularly noteworthy. According to the TNS Web Index, the monthly audience of the leading Russian news sites was 13.2 percent higher in October of last year versus the same month in 2011.

The increase in Internet audiences is largely due to the growing use of mobile devices in the regions. As such, Moscow leads in mobile Internet users with 32 percent, but Yekaterinburg is right on its heels with 31 percent.

However, increased mobile use in the regions does not necessarily mean that Moscow-based news sites are reaping the benefits. People are most interested in local information, and that is something regional outlets can cater to better than the central sources, Lenta.ru editor-in-chief Galina Timchenko said.

What the central media need to capture regional audiences is a good brand, a solid local team of reporters and a no serious competitors in the area, said deputy chief editor of RIA-Novosti Maksim Filimonov. Komsomolskaya Pravda newspaper is one of the examples of a central publication that has successfully created regional franchisees, while Argumenty i Fakty is quickly trying to develop its regional branches and plans to have 40 regional news sites up and running by the end of the year.

Subscribers to media sites on social networks is also on the rise.

The publishing houses that want an older and more intellectual audience from large cities tend to use Facebook as their main social network platform, while those oriented towards young people turn to VKontakte. This year has also marked increased interest in the Odnoklassniki site after it underwent a design revamp.

Experts see the social networks as a good way to reach desirable audiences, although so far, media outlets rarely get more than 15 percent of their readers from these sources.
For Kommersant, only 5 to 6 percent of its web traffic comes from social networks.

Despite the overall positive assessment of the future of news media, experts expressed concerns about new laws that affect media revenue streams. For example, in 2012 the government banned alcohol advertising from print and online media. Chief editor of Sostav.ru, Eldar Sokolov, estimated that this has led to a 15 to 40 percent loss in advertising revenue for media outlets.

The new laws also made the media even more dependent on the government than before, according to the study. There are now not more than 10 percent of publications that work without state support, said Vasily Gatov, director of the Media Laboratory at RIA-Novosti.

"The chances of, for example, a regional newspaper surviving independently, without subsidies are equal to zero," he said.

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