

Advertising Market Swells to \$9Bln, But the Boom is Slowing

By [Delphine d'Amora](#)

February 26, 2014



An ad for sunglasses on a television in the Moscow metro. **M. Novikov**

The Russian advertising market continues to swell, but at a more reserved pace than in previous years, a study released this week found.

The market as a whole grew by 10.1 percent, generating total revenues of 328 billion rubles (\$9.2 billion) in 2013, after growth of 13 percent in 2012 and 18 percent in 2011, according to the Association of Communication Agencies of Russia.

"The market is already quite saturated," said Vasily Turovets, head of trading at media investment management company GroupM's Russian branch. "Now its just a question of redistribution."

Given the continuing devaluation of the ruble, which was partly responsible for a drop in advertising spending at the end of last year, 2014 will achieve a growth rate "no higher than

5 percent," Turovets said.

Even if the rate of market expansion is lower than before, Russia remains an attractive location for media investment, said Yelena Belova, general director of Havas Media, the media division of leading communications group Havas.

"Our cost-per-thousand [views] figures across practically all media are lower than in developed countries," Belova said.

Television was the leading advertising platform in 2013, with total revenues of over 156 billion rubles (\$4.3 billion), and is likely to keep its position.

"Television remains the primary media for the majority of advertisers, and its share in the total pie of media budgets is growing," Belova said.

Internet is catching up, though, largely thanks to contextual advertising's blistering 34 percent growth in 2013.

But this new, targeted format, which matches advertisements to the content of specific websites, has already reached its peak growth, and the rate will likely subside, Turovets said.

The new sector on the rise is advertising for mobile devices, said Rupert McPetrie, CEO of communications agency ZenithOptimedia Russia, in a press release.

"If in 2010 investment in mobile advertising in Russia totaled \$12 million, then in 2014, by our estimates, it will be \$78 million, and in 2016 it will reach \$137 million," McPetrie said.

The reality is that advertising is necessarily shifting as media consumption turns to digital, said Jeff Chalmers, CEO of advertising agency Starcom MediaVest Group Russia.

"Digital is the only market segment in which real demand is growing, it still has limitless supply and offers new marketing opportunities," said Chalmers.

The one sector that really suffered in 2013, as it has worldwide, was print media. Advertising revenues fell 10 percent in 2013, and the decline will likely continue "at the same rate," GroupM's Turovets said.

"But there is hope," he added, advising publishing houses to look for new opportunities and to keep a "flexible approach toward advertisers."

<!-- @page { margin: 0.79in } TD P { margin-bottom: 0in } P { margin-bottom: 0.08in } -->