The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

New Piracy Laws Encourage Legal Music Streaming

By Simone Peek

April 21, 2014



Pavel Durov's Vkontakte faces a piracy suit from industry heavyweights.

On April 4 it was announced that Sony Music Russia, Universal Music Russia and Warner Music U.K. had charged social networking site Vkontakte with a 50 million ruble ($1.4 million) damage claim. This is not the first — and probably not the last — lawsuit brought against against the long-time haven for online music piracy.

The State Duma on March 12 passed a bill in its first reading that extends the anti-piracy law to all works under copyright and related rights, including music and literature.

With the doors to freely accessible music potentially closing for the Russian consumer, it was big news when music-streaming service Spotify announced in early April plans to expand to Russia.

However, apart from the Swedish newcomer, a wide range of Russian websites already offer

streaming licensed music in Russia: The Moscow Times investigated a range of some of the biggest names in the online music business to see how they hope to shape the future of online music.

Yandex.Music

Founded in 2010, this music service, which operates only in the CIS and focuses on the Russian consumer, belongs to search engine giant Yandex.

Last February, Yandex.Music claimed 5.8 million visitors in Russia alone. The percentage of paid subscribers is not public, but Yandex primarily generates income with the website's advertising.

"Russians listen significantly more often [then Europeans] to local artists — about 70 percent of the music sold and listened to online is local," Yandex.Music head Konstantin Vorontsov said.

Being part of the leading search engine in the country helps to attract consumers. "We know our users and their taste very well, we posses the technology to 'lead' users exactly to the music that they will like," Vorontsov said.

Vorontsov added that he was certain that the amount of piracy would decline when the quality of services that offer licensed music surpasses the unlicensed ones.

"Piracy is not a question of the user's preference, it is a question of which services are available for the consumer," Vorontsov said.

For a monthly 149 rubles, users can access the entire catalogue through a mobile app and download tracks. Streaming music on the website does not require registration.

Deezer

Deezer originated in France in 2006 and boasts 5 million paid subscribers globally. The service distinguishes itself by continuously innovating their service and offers comprehensive access with apps for smartphones, Smart TVs, home entertainment and others.

Because Deezer operates worldwide, it is also available in Russia, a market that it has high hopes for.

"The recent Vkontakte case with music right holders shows piracy will decrease drastically in Russia," said Arseny Semyonov, managing director for Deezer in Russia.

Semyonov, like Vorontsov, also stressed the importance of the quality of music services to start and turn things around.

"We are focused on building a service that provides great value, is easy to enjoy and helps people discover and share great music," Semenov said.

Collaborations will probably be central to the future of licensed music: "There will be many partnerships between music services and mobile network operators, content providers

from other areas like books or video-on-demand, large medias, or device manufacturers," Semyonov said.

But things can still turn in any direction.

"Times are changing and market players become more and more adaptive and ready for experiments, so it is quite hard to say what business model will survive," Semyonov said.

To listen music at Deezer, registration is required. Free subscription comes with advertisements, but paying $3.99 monthly will take the advertisements away, and membership with mobile and offline access costs $9.99 a month.

Trava.ru

Music service Trava is an example of the aforementioned alliance between music services and mobile network operators. Trava also offers digital books, video and games.

Established in 2010 by telecoms company MegaFon, Trava targets the younger audience — Trava is Russian for "grass" and holds the same drug-related connotation as the English word. The service has about two million nonpaying users and more than 100,000 paying subscribers.

MegaFon users do not pay for the Internet traffic created by music streaming through Trava.

"Legal players, of course, often lose out to illegal ones because of the completeness of their music catalogue," Trava project leader Yegor Odintsov said, explaining the difficulties that music websites face.

"Our answer is to develop different services around music and giving bonuses. Options that illegal players do not have."

According to Odintsov, worldwide trends show that when the availability of high-speed Internet increases, music consumption shifts toward streaming, custom radio stations and playlists, and there is no reason to expect that Russia will be an exception.

Trava creates revenue through advertisement, monthly subscriptions or 'pay-per-download.'

Zvooq

Originally designed for Russia's vanguard in 2011, this part of the Moscow creative-hub Dream Industries is now also focusing on a broader public.

After registering, consumers can freely access the entire Zvooq catalogue.

Zvooq, Russian for "sound," intends to be all about the music. "Zvooq is not a social network, we are not a telecom, we are not search giant — we are a music company," Bas Grasmayer, product lead of Zvooq, said.

The company's flagship is their mobile app called Fonoteka.

"With Fonoteka we are trying to bring back the emotions with music albums as a whole,"

Grasmayer said.

For example, Fonoteka stripped away social features in order to try "creating a more meaningful experience rather than skipping through thousands of tracks and not connecting with any one of them," Grasmayer said.

Paying 33 rubles a month will allow you to listen to three different albums a day, for 66 rubles you will have offline access to seven albums a day, through the app.

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Original url:
https://www.themoscowtimes.com/2014/04/21/new-piracy-laws-encourage-legal-music-streaming-a34364