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The State of the Russian Internet

Information Bulletin Spring 2010

Based on data collected by www.infact.ru
askaquestion@infact.ru

[Infact.ru](http://infact.ru) is the the new online fact sheet on Russian statistics. The site is created by the group of enthusiasts in attempt to bring together all important and reliable data on the Russian Internet and to create the information exchange point for anyone who has an interest in the topic.

We are pleased to announce the first issue of our Information Bulletin. If you are keen on monitoring the state of Russian Internet – please, bookmark us.

If you would like to receive any additional facts from Russian Internet, subscribe on major updates on Russian Internet facts or ask us a question – feel free to e-mail us.

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I. Common figures

Russian Internet audience size

Half-year audience: the number of people who have Internet access.
Data based on offline polls.

42mln

36% of pop

Six-month audience, 18+. Public Opinion Foundation, 27th 'Internet in Russia' research, winter 2009–10

Population data by Federal State Statistics Service, 2007–2008

Broadband in Russia

Broadband connections share, based on offline polls.

67%

87% in Moscow

Cities with 100K+ pop., TNS Group, April 2008

.Ru Domains

Number of domains in .Ru zone, based on open stats from local internet registry.

2,7mln

89,9% delegated

RU-Center. RU TLD: Registration and Delegation Statistics. Stat.nic.ru, Spring 2010

Internet Advertising market volume in Russia

Aggregate annual volume of two market segments of Russian Internet advertising (banner and contextual ads), based on open data.

\$598mln

59,4% of search and content ads

Russian Internet advertising market volume. Russian Association of Communication Agencies(RACA) & Video International Analytical Center combined data, 2010

\$14,2
/per user

Online Advertising Spending per User

How much one user's attention costs for Russian advertisers per year, based on open data.

II. Major players of the Russian Internet Market

These portals have the largest and fast-growing audience on the Russian Internet.

Yandex (www.yandex.ru)

Yandex is Russia's largest internet company and the oldest one in this chart. Yandex owns the most popular search engine in Russia, has about 50 internet-services, more than 2000 employees and made \$278 mln in revenue in 2009. Yandex' main business model is search and contextual advertising – in this market segment Yandex is estimated to have more than 75–80% of market share.

Mail.ru (www.mail.ru)

One of the two most visited sites, the largest e-mail and communication portal in country, Mail.ru provides more than 40 services to its audience. It has own social network MoiMir, photo-, blog- and video hostings and one of the most popular instant messaging services – Mail.ru Agent.

The main business model of Mail.ru is banner (media) advertising. Mail.ru is a private company and does not publish its financial statements. In 2008 Mail.ru made \$74,5 mln in revenue.

Vkontakte (www.vkontakte.ru, www.vk.com)

Launched in 2006 as a Russian clone of Facebook, Vkontakte has some very popular features that Facebook doesn't – e.g., mp3 hosting. It is the largest personal photosharing site and the fastest-growing social network in Russia.

Being Portal #3 in the country, in Saint-Petersburg Vkontakte is more popular than any other Russian Internet site.

For now there are no clear data about Vkontakte's profitability.

Odnoklassniki (www.odnoklassniki.ru)

Odnoklassniki (Russian word "Classmates") is one of the two most successful social networks in Russia, with more than 50 million accounts, and is one of very few significant newcomers in the market. This site tries different business-models, including banner advertising and some original premium services, like micro-payments for using graphical smiles in short text messages. Finance statements of Odnoklassniki.ru are not available publicly. In 2008 company had net income of \$6,9mln, Vedomosti newspaper reported.

Google (www.google.ru)

Google translated its interface into Russian in 2001 and in the last 9 years grew its search market share from 5% to 25%. Now it is the only real competitor to the market leader – Yandex.

Company does not separate Russian advertising sales in its global financial statements. Google revenue in the Russian market is estimated at a round \$30mln, in 2008 – at a round \$15-20 mln.

III. Global losers of the Russian Internet Market

These companies from Quantcast Top-15 are total losers of the Russian Internet market. None of the chart is known by the mass audience in Russia.

~~Yahoo, Live.com, MSN, AOL, Ask~~

Having a lot of local content and smart technologies, Russian domestic portals are extremely good in keeping their dominant positions in the market. Almost none of the major world portals and search engines (except Google) achieved success in the country. Search market share in Russia of any member of this group of companies, according to Liveinternet.ru, does not exceed 0,5%.

~~Facebook, MySpace~~

Some of the most active users of Russian social networks have their accounts on Facebook and MySpace. But that's nothing in comparison with dozens of millions of user profiles in the Russian networks Vkontakte and Odnoklassniki. It seems that Facebook and MySpace showed up late with their localized versions and had lost the moment when Russian Internet audience was ready to create accounts anywhere.

~~eBay~~

It's not eBay fault that online auctions in Russia are probably the form of online business that grows the most slowly. Lack of user confidence in buying used stuff combined with absence of peer-to-peer logistics system seems to be critical – none of local players succeeded much in this sphere too.

~~Blogspot.com~~

Top local blog-hostings – Livejournal.com (Russian-owned) and Live-internet.ru – collected their core audience a lot earlier than Blogspot.com interface was translated into Russian. Besides, standalone blog platforms are not very popular in Russia generally, and Blogspot is not an exception.

~~Craigslist.org~~

Russian online classifieds are still in the embryonic stage. To sell a car, people print their ads in special classifieds newspaper, like 'Iz ruk v ruki' ('Change hands'). It is noteworthy that 'Iz ruk v ruki' search query remains in Top-100 most popular searches made by local audience.

~~About.com, Answers.com~~

The major part of content needed by Russian users must be written in Russian, so these sites do not have any audience in Russia.

~~Mapquest.com~~

Content is the king in online maps and other cartographic services. Mapquest.com doesn't have one for the Russian audience, so it has no audience.

IV. Russian Internet statistics: reliable and doubtful data sources

Reliable sources

These organizations have proven to be the most objective and precise in their studies. Most of their data is considered by major market players, analysts and media as credible.

Federal State Statistics

<http://gks.ru/eng>

The most powerful research institution in Russia, owned by the state. The system of state statistics covers district, regional and federal levels, as well as Moscow and St. Petersburg. It comprises 89 regional committees and 2,200 district departments. The Federal State Statistics Service employs about 30 thousand staff.

Liveinternet.ru

<http://www.liveinternet.ru/stat/ru/searches.html?slice=ru;lang=en>

Liveinternet.ru aggregates data from about half a million sites and for now it is the only online counter, which has reliable search engine usage stats in the Russian Internet.

Public Opinion Foundation

<http://www.fom.ru/>

The only one strong offline sociological company, which conducts regular representational polls on Russian Internet usage. POF (known as 'FOM' in Russia) gathers data on the urban and rural populations through the extensive network of its regional branches and partner organizations situated in almost all regions of Russia.

RACA

<http://www.akarussia.ru/eng/>

The Russian Association of Communication Agencies (RACA), is a non-profit organization uniting 168 member advertising and marketing communications companies. Member companies of RACA account for the lion's share of the country's advertising spend. RACA is the only organization with reliable data on Russian advertising market.

TNS Group

<http://tns-global.ru/eng/>

TNS Web Index is a unique project in Russia that combines online and offline methods to examine Internet audience size, preferences and behavior. TNS data seize Russian cities with 100k+ pop., and there are more than 200 popular web-sites that installed TNS online counter, including all major portals. TNS measuring methodology is the only one that won recognition from all the large Russian sites.

Doubtful sources

Most data of these companies is not considered as trustworthy inside the market.

Alexa

Due to extremely low popularity of Alexa tools among Russian users, Alexa's data is high volatile and completely not representative.

Comcon, Masm, Romir

Most reports of these researchers' group are based on different type of polls (like online polls or focus-groups). Their data are considered by some market players (e.g., Mail.ru) to be good in single-value studies, but generally provided stats represent only the pro-active part of the whole net audience, and, as consequence, are not trustful in exploring global trends and figures of Russian Internet.

comScore

As comScore specialists publicly confirmed on Russian Internet and Business Conference in 2008, comScore users panel in Russia mainly consists of English-speaking people due to the nature of comScore sign-up process. comScore promised to extend the number of non-english-speaking panelists, so situation with comScore data representativeness might change in coming years.

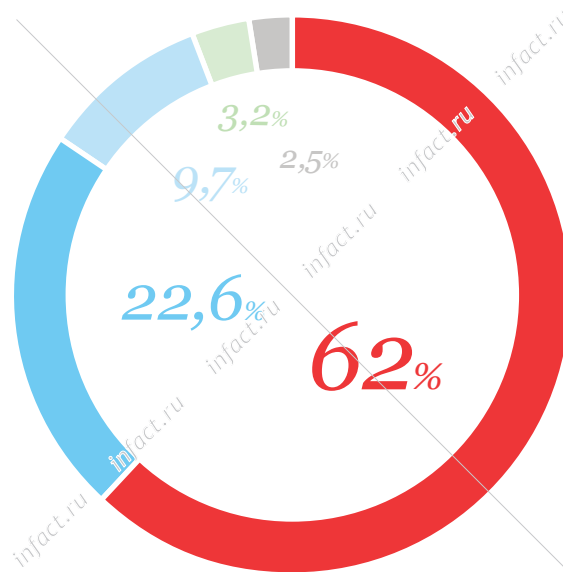
Gemius

Like TNS Group, Gemius methodology is based on combining user-centered and site-centered user data aggregation. However, Gemius online counter isn't yet installed on most of the major sites in Russia, and on the whole Gemius stats on Runet are still one-sided.

V. Search market

Traffic

The only available method to evaluate search engine market share – measurements of the audience volume every engine directs to Russian Internet sites. Valuations that made by this method may differ from one online stats service to another. Liveinternet.ru data is thought as of most reliable at the moment.



Yandex (incl. Yandex.Images)

Google (incl. Google Images)

Mail.ru

Rambler

Other

VI. Miscellaneous facts

Different facts about Russian Internet that are not common knowledge outside of Russia

Strong local technologies

High standards of math, engineering and computer science education in Russia makes local IT-specialists well-known in a lot of countries and drives to technological parity between local and global market players. Partly because of this, all the top-ranked global leaders in any kind of Internet services are failed to be the first in the Russian Internet. See more in Local heroes / Global zeroes section.

Cyrillic content

Due to large number of non-english-speakers, almost all of Russian sites are written only in Cyrillic alphabet, and most of the search queries are made in Russian.

Unlimited statistics

A lot of Russian Internet parameters are measured and there are much more stats open and available than in the Global Net.

No prepayments for online goods

Because of the absence of countrywide-used Internet payment system in Russia, fear of credit card frauds over the Internet and low confidence in virtual payments at all, most of users prefer cash-on-delivery model when buying goods online.

High social activity

Two thirds of Russian users have at least one social network profile.

Visible role of regions

33% of .Ru domains are owned by webmasters from Russia's remote regions (not from Moscow and Saint-Petersburg).

Growing mobile usage

11% of cell phone owners use their mobile devices for Internet connection. Mobile sites content grew 2,2 times in 2008 and is expected to double again in 2009.

Other vital facts about the Russian Internet (important news, hot search topics, leading communication providers, advertising platforms etc.) can be found on

infact.ru/