EMO
EXPORT
HANDBOOK

RUSSIA

BUREAU EXPORT DE LA MUSIQUE FRANÇAISE

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This project is supported by the European Union

Education and Culture

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I. GENERAL COUNTRY INFORMATION ON RUSSIA

A long chain of never-ending economic and political transition reforms has turned post-Soviet Russia into a new state within 15 years. Relative stabilisation makes Russia with its population of 143 million and 11 time zones more attractive for music business, especially for short-term investments and projects.

This study primarily focuses on the cities of Moscow and St. Petersburg, being the centres of economic and cultural life.

Piracy remains the most important problem in the Russian music business; it is *de facto* not based upon copyright. Nevertheless, the record market is growing while the showbiz market is of permanent interest to European professionals.

1. Geographic Evaluation by Region

Europe? Asia? No man's land? Russia with its population of only 143 million (comparable to Japan or Brazil) remains the largest country in the world geographically, even after the collapse of the Soviet Union. This cannot but influence the mentality, communication and modes of consumption.

Since 1992, the Russian Federation has been recognised by international law as the official successor of USSR. The Soviet Union was, in turn, replaced by the Commonwealth of Independent States (the CIS), uniting all 12 post-Soviet countries except Estonia, Latvia and Lithuania (the Baltic States). The links and interconnections within the CIS are considerably looser than in the USSR. Several member countries (e.g. Armenia and Azerbaijan) remain in a state of cold war. The level of economic and political development differs between member countries significantly and to a certain extent the CIS is somewhat of a misnomer. However, Soviet traditions of consumption are well-represented in all these countries. For the Russian record industry and show business in particular, practically all of the CIS area including the Baltics, remain the target zone.

As mentioned in the introduction, Russia is divided into 11 time zones. The time difference between the Moscow/St. Petersburg time zone and CET (Brussels, Paris, Berlin) is two hours. Approximately a quarter of Russian territory lies in Eur ope and three quarters in Asia. However, the European part of Russia hosts around 80% of the country's population. Moscow (12,6 million inhabitants) and St. Petersburg (5,9 million inhabitants) alone account for over a tenth of the Russian population. Nizhny Novgorod is the 3rd largest city and has a population of only 2 million inhabitants. The population density of 'European' Russia is 27 inhabitants/km²; as opposed to 2,5 inhabitants/km² in the East. Therefore it is no surprise that 73% of the Russian population lives in cities. The structural model of the population 16 years and older is presented on the following page.

RUSSIAN ADULT POPULATION, BY AGE [1]

Age Group	Millions of persons	Percentage
16 – 24	9,02	17,0
25 – 34	9,46	17,8
35 – 44	10,95	20,6
45 – 54	9,43	17,7
55 – 64	6,68	12,6
65+	7,62	14,3

Some 83% of the population are of Russian origin, with over 100 historic ethnic minorities inhabit Russia. Due to the traditional cultural centralisation policy, however, almost 100% of the minorities speak Russian fluently.

The Russian Federation is a presidential republic, with the president staying in office for four years, but no more than two consecutive terms. President Vladimir Putin took his post in 2000 and was re-elected in 2004 until 2008. The Russian parliament consists of two chambers: the Federation Council (upper) and the State Duma (lower).

As a federal state, Russia consists of 89 sublevels of the Federation (*oblasts*, *krays* or republics) grouped into 7 federal districts (*okrugs*).

RUSSIAN POPULATION, BY FEDERAL DISTRICT[2]

District	Centre	Centre population	District population
Centre	Moscow	12.622.400	38.000.000
North-West	St. Petersburg	5.881.100	14.000.000
South	Rostov-on-Don	1.281.600	22.900.000
Volga	Nizhny Novgorod	2.001.600	31.200.000
Ural	Yekaterinburg	1.400.000	12.400.000
Siberia	Novosibirsk	1.460.000	20.000.000
Far East	Khabarovsk	557.000	6.700.000

The dichotomous rivalry between the two capitals, Moscow and St. Petersburg, has its historical roots and is similar to that of many European states. The process of state-forming started with Moscow annexing territories during the medieval period. In the early 18th century, Europe-affiliated czar Peter I recaptured Russian territories on the Baltic Sea from Sweden and founded the new capital St. Petersburg. Until the revolution of 1917, European-styled St. Petersburg developed as the major political, economic and cultural centre. However, after the capital moved back to Moscow (for the new state's security reasons) St. Petersburg gradually declined in its importance.

At present St. Petersburg ranks the highest in terms of tourism and claims to be the cultural capital of Russia, which in terms of classical culture is true. In

[1] B.Wlodarczyk, Les Cahiers export, March 2005, 'La Russie'
[2] B.Wlodarczyk, Les Cahiers export, March 2005, 'La Russie'

terms of finance and nearly any kind of business, Moscow undoubtedly beats provincial St. Petersburg. This is reflected in an absolute concentration of the record business, media and showbiz activities in the official capital. St. Petersburg also remains one of the most problematic cities in terms of piracy.

The capital cities of the federal districts are administrative centres. However, the list of economically active cities would be more accurate using demographic rather than administrative principles.

RUSSIAN MILLION-PLUS CITIES

City	Population
Nizhny Novgorod	2.001.600
Samara	1.542.100
Novosibirsk	1.460.000
Yekaterinburg	1.400.000
Volgograd	1.348.000
Rostov-on-Don	1.281.600
Chelyabinsk	1.245.900
Omsk	1 197 900
Saratov	1.157.400
Ufa	1.120.000
Kazan	1.108.200
Perm	1.062.100
Voronezh	1.003.000

All of these cities, except Novosibirsk and Yekaterinburg, are situated in the European part of Russia (Yekaterinburg lies on the European/Asian border that passes over the Ural Mountains). Besides the million-plus cities, Khabarovsk (pop. 700.000) and Irkutsk (pop. 582.000) remain important music and art consumers in the East. Because of piracy, this refers only to showbiz, not the record business.

Western Siberia (Khanty-Mansiisk, Surgut, Nizhnevartovsk) is the largest oil-producing region in Russia. Despite its relatively small population, it is characterised by steady economic growth and also cultural life including various festivals and concerts, which support European artists.

Sochi, the only Russian Black Sea resort, has become a must-see tour destination for Russian artists in the summer with its theatres and concert venues.

Izhevsk, the capital of Udmurt Republic (on the way from Moscow to the Ural Mountains), is famous for being a centre of the underground electronic scene; also inviting artists from Europe.

Kaliningrad (ex-German Koenigsberg in the annexed Prussian territory) uses its position as a Russian enclave in the European Union, and according to the tastes of local audience, arranges gigs of veteran acts from Europe.

The Russian rouble (RUB) is the official currency, which is not a 'hard' or stable currency. The US dollar (USD) is the most widespread foreign currency; and accordingly the dollar exchange rate is a little higher in Russia than in Europe.

2. Russian Mentality in Business: Basic Rules

Establishing business relations in Russia has less to do with making headway with a company than with the individuals working for the company. To a great extent the success of your enterprises in Russia depends on establishing a network of personal contacts. Conveying that you accept her/him not only as a company representative but as an individual professional will raise your credibility in the eyes of your Russian partner.

The concept of a 'project' is utterly important for the Russian business mentality. Most successful music clubs, record labels and media have grown out of a project, which is partially synonymous to the American dream but at the same time it can be irrational, relying on fortune, luck and adventurism. The story of most projects nevertheless ends with bright ideas and unrealised plans; Russians are creative and innovative, but are challenged when trying to bring their ideas to life.

The southern mentality shows itself when it comes to organisational matters: Russians tend not to be too well-organised. Russians might plan up to 10 meetings per day, the last one being by midnight; coming half an hour late in many companies is considered normal. The working day at a music company will never start earlier than 10.00-11.00. The longevity of a working day is very flexible and might end at 18.00 or 23.00. In any case, the late shift mostly covers the time difference with Europe. Russians also enjoy long weekends, which should be kept in mind when maintaining contact with your Russian partner.

The economic and cultural gap between Moscow and the rest of the country is tremendous, leaving St. Petersburg somewhere in between. To a certain extent, Moscow as seen in a Russian context can be compared to West Berlin during the cold war. Business partners from Moscow tend to be more westernised, flexible and organised, while partners from the provinces would stick to traditional Post-Soviet modes of business.

Unlike many European democracies, mistrust of the state is a core element of the Russian mentality, which can best be explained by history. Regardless of which regime had control, the state has always assumed the role of oppressor rather than a champion of private business and individuals. The Russians identify strongly with Russian cultural artefacts as opposed to the state and its symbolism. In the capital cities this identification may often be negative but will still be strong.

English is taught at school but it is not widespread (Russian television and cinematography stick to the voiceover tradition). Even in the 2000s not all business partners will speak English. To create a friendlier atmosphere it is recommended to learn several basic greetings and phrases in Russian in order to cheer up your interlocutor.

3. Establishing Business Partnerships in Russia

Setting up a partnership with a branch of an international company operating in Russia will not need extra precautions. However, with most of the local companies and individuals involved in the music business it is important to research the background of your potential partner. The best way to assess a partner's ability is by analysing their projects, published magazines, record releases and gigs that have been arranged.

Interconnection of the functions of music industry actors is very typical in Russia. This is not surprising and can be seen with a nightclub arranging an annual open-air festival under a different brand, a music critic organising artists' tours to Russia, or a record label doing promotion for a concert agency. It would be more precise to describe it not in terms of business concentration but more of creativity and individualism.

A simple example: if you take a field trip to Russia and meet several companies' representatives, in a year you may find out that half of them are not working with the same employees. That does not mean you were dealing with the wrong people; on the contrary, the people have become involved in new projects.

Negotiations and bargaining are quite typical in Russian business talks. It is not customary or wise to escalate negotiations to the point of an open confrontation. Confrontation for Russians is not as unnatural as with the Japanese, for example. The key element of success in negotiations would be establishing personal contacts.

One of the most prevalent cultural differences takes place during the planning phase in the Russian music industry. For example, Western concert agencies presume that selling a gig to Russia six months prior to the gig would guarantee better preparations. For the Russian promoter, however, it means extra financial risk: the economic stability in the country, the loyalty of a venue, sponsor guarantees and audience interest can never be overestimated. The same holds true with respect to consumption modes. Russians do not normally count down the days to a favourite act release, nor do they tend to buy tickets in advance. Therefore, starting with a short-term project in Russia may be more profitable and lead to a long-term relationship.

Simultaneous negotiations with several possible partners in Russia would not be considered completely unacceptable, but it might decrease your credibility. A situation where you get similar offers from several Russian companies would be more typical. Once an appropriate partner has been selected, potential relations with the other companies are not necessarily written off. They may still be interested in your product and it is always possible to set up a future project together.

Russia is not a country where a written agreement possesses universal power. On the contrary, the details of the agreement might be later ignored or forgotten by partners. It is useful to check carefully whether the project is proceeding according to plan. At the same time, it also is important not to appear suspicious or mistrustful, which will be interpreted as a personal offence.

The general attitude employed when establishing business partnerships in Russia should be mild and understanding, yet persistent. It is important to stick to the rules and traditions of your own country; extra flexibility will not foster overall respect.

4. Show Business Domination over Record Business

The most typical feature of the Russian music business is the historic domination of show business (showbiz) over the record business. The reasons explaining this phenomenon are described in borrowed musical genres such as hip hop, R‘n’B and rock. It is important to understand that Russia profits from selling gigs versus record sales. Since late *perestroika* (the economic reforms put into place by Mikhail Gorbachev), most Russian and foreign artists have earned money in Russia by touring rather than selling records. The situation is slowly changing and major labels can boast of highly profitable acts (e.g. Russian Zemfira, Mumiy Troll, t.A.T.u, international In-Grid, Eminem and Rammstein). However, the basic rule says: a record label entering the Russian market is always facing a financial risk while a concert agency has a chance to profit. If charity is not your objective in Russia, let your short-term investments dominate over the long term; Sell gigs, non-stop.

5. Russian Music

The Russian record market is dominated by national productions (up to 70% of the repertoire). As is the case in France, the absolute majority of the lyrics are in the local Russian language, even in borrowed musical genres such as hip hop R’n’B and rock.

Even though the national segment includes a variety of musical styles, they are not necessarily similar to these in the West. While stating that Russia has folk repertoire and keeps breeding its own metal, gothic, hip hop, ska and R’n’B acts, we will focus in this chapter on local specialities that are quite unique in the world.

5.1 Russian *Chanson*

Russian *chanson* is, of course, derived from the French word for ‘song’. Still the notion and realisation remain quite different from the French *chanson*, or typified French style of song. Russian *chanson* bears traits of folk songs, Soviet *estrada* (variety pop) and bard music making it somewhat primitive on the musical level. Its defining characteristics are its melancholy lyrics of criminals sentenced unjustly, which the lower strata of society can easily relate to. The criminal heroes of *chanson* songs are supposed to evoke sympathy with the listener, which is easily done considering Russians’ innate mistrust of the state. In a way *chanson* can be seen as a paradox parallel to American *gangsta rap* using completely different musical forms and targeting an older audience. There is a whole *chanson* infrastructure involving record labels (e.g. Master Sound) and radio stations (e.g. Radio *Chanson*), which focus completely on Russian *chanson*.

Chanson is one of the most traditional forms of Russian song writing but only became legal during *perestroika* times. In the 1990s, *chanson* compilations with names like “Thief's Destiny” were unbeatable hits on the market. In the 2000s, the genre gets more civilised and professionally-tailored but still continues to be a vivid music speciality. An indie label, Sh-2 (Chanson-2), even formulated the concept of alternative *chanson* - “chanson with a human face” – selling music close to French *chanson*, professional Soviet *estrada* or bard music.

Chanson has nothing to do with active protest. It is a means of citizens to identify with each other and their feelings of despair and doubt given their turbulent political past. These problems can be seen as recently as two generations ago with people perishing in work camps.

5.2 Bard Music

Bard music is a relative of *chanson*. The genre was born in the short democratisation period in the late 1950s when *intelligentsia* (the intellectual elite: young poets, university researchers and students) expressed their ideas and attitudes through music. The bard movement overlaps with the backpack tourism movement, which comprises open-air festivals in fields and forests and remains very common (e.g. *Grushinka*). The means of targeting educated people was primarily non-commercial but this has changed over time with increased record sales of national Bard icons such as Bulat Okudzhava and Vladimir Vysotsky. Contemporary Bard performers such as Oleg Mityaev, Sergey Nikitin, and Ivaschenko and Visiliev are known to pack concert halls in every one of their tour cities. Also, the record label IVC, which belongs to Ivaschenko and Visiliev, remains a profitable enterprise.

The younger generation sometimes shows disrespect to bard music and its middle-aged admirers, considering them unpractical dreamers with obsolete taste and a lack of musical culture. Bard music, closely interconnected with *samizdat*, nevertheless gave life to examples of good poetry and laid grounds for Russian rock.

5.3 Russian Rock Music

Unlike *chanson* or bard music, Russian rock is difficult to attribute to an audience that share a common socio-economic status. As with the West, the notion of rock covers a huge variety of sub-genres. The official boom of previously banned rock music started in the late 1980s.

Nevertheless, the term ‘Russian rock’ clearly refers to the branch closely inheriting traditions of bard music. Therefore, these bands focus primarily on lyrics (in some cases true poetry or detailed political statements). Unlike bard music, Russian rock borrows the ‘star concept’ from Western rock but remains mostly a national product in terms of emotions and mentality. Most Russian rock bands started as underground heroes of their time in the former Soviet Union. These may represent all of the three major Soviet rock centres: Sverdlovsk/Yekaterinburg (ChaiF), St. Petersburg (Yury Shevchuk and DDT, originally from Ufa) and Moscow (Garik Sukachev and Neprikasaemye, Sergey Galanin and Serga, initially from Brigada S). The best example of Russian punk rock music is Grazhdanskaya Oborona from Siberia. There are also young bands trying their luck at the genre but the newcomers mostly come from the provinces and cannot boast a deep knowledge of music.

Certain circles of journalists strongly dislike Russian rock stating that it is old-fashioned and therefore call it *govnorock* (shit-rock). Despite this, Russian rock remains the most commercially successful rock subgenre; having record labels, publishers, concert agencies and media on its side. It is also interesting to note that 90-95% of the lyrics in the rock and pop-rock scene are sung in Russian.

5.4 Russian Pop Music

Like in the West, it is impossible to draw a line between the rock and pop scenes in Russia. Pop music shows a wide variety of subgenres; if you ever take a ride in a Russian taxi, you will get a very clear idea of Russian pop.

Average Russian pop consists of an utterly simplified tune with an easy structure, poor arrangements, and the outlined masculinity or femininity of the singer. This should not be interpreted as a lack of talented composers, voices or musicians in Russia; rather it is due to the media's obsession with pop music and creating fresh new stars regardless of musical talent. A phenomenon of Russian pop is 'singing wives': having no guarantees for long-term investment, Russian producers invest into making stars out of their wives or homosexual lovers.

Not surprisingly, Russian pop is the only music genre which possesses the whole infrastructure of the music business and is open to all generations and geographical regions. The most powerful national radio station, Russkoe Radio, broadcasts mostly Russian pop with minor exceptions of Russian rock and *chanson*.

Alla Pugacheva, Lube, Oleg Gazmanov, Valeria, and Ukrainian Verka Serdyuchka are all vivid examples of Russian pop artists appealing to generations over 30. For teenagers and listeners in their 20s, t.A.T.u, Alsou, Dima Bilan, and Ruki Vverh! are all very popular, as evident by their success in the local Pop Idol show, *Fabrica Zvezd* (Star Factory).

All of these genres are widely present on new data formats. There is a growing trend in the music sector to produce music in DVD and MP3 formats. In 2004, 10 domestic record labels set up programmes to release music in these formats, while just one year earlier RMG Records was the only pioneer in this sector.

6. International Music in Russia

Western culture has not gained much recognition in the Post-Soviet consciousness. Western cultures are present in Russia with varying degrees of intensity, giving rise to specific cultural stereotypes.

Under Soviet rule there was a clear division between so-called 'good' and 'bad' capitalist countries. Even though no ordinary Soviet citizen might have dreamt of visiting any of these, music from more socialist-oriented France and Italy found its way to the USSR easier than music from the USA or Great Britain.

Since the 18th century, Russia has largely been a French-oriented culture. The interest in French music, especially *chanson*, did not disappear in the USSR. Paris remained a trendsetter – and an outstanding amount of artists touring and successfully selling records in Russia still come from France. This began with the innovative Manu Chao, Gotan Project, M83, Yann Tiersen and ending with the more traditional Patricia Kaas, Charles Aznavour or Mireile Matthieu. The latter artists' continuous performances in the Kremlin Palace and at the Red Square on national Victory Day, serve as a vivid illustration of Russian devotedness to French music. The love of French music is constantly supported by the French Music Export's (BUREX) Moscow office.

On a smaller scale, this also applies to Italian pop music with annual concerts at the Kremlin palace including elder stars such as Toto Kutugno, Al Bano and Ricchi e Poveri. Along with the existing interest in French music, constant tours by Finnish artists supported by Finnish foundations, embassy and consulates literally put Finland on the map of the Russian listener. The image of Finland as an innovative, *avant-garde*, hard rock and electronica-oriented country forms a loyal fan and consumer base for Finnish music in Russia. A breakthrough for a Finnish artist, The Rasmus, occurred in 2004 with their MTV-Russia award as 'Best Foreign Act'. In the mid-2000s, the cultural institutions of Hungary started pursuing a similar model; introducing pop, rock and jazz artists to the Russian audience in the form of a long-term project.

The German music scene is best represented in Russia by underground acts (2Raumwohnung, Mouse on Mars, Tarwater, Khan, etc.). A common history makes big German acts like the post-DDR Rammstein highly appealing and successful in Russia. Rammstein remains one of the top three artists on Universal Music Russia's foreign chart.

British music, forming a significant share of the commercial radio and TV broadcasts, remains too vast a field to form a distinct image. This results in quite a limited number of successful newcomers making it in Russia, and only the biggest ones, like Franz Ferdinand or The Killers standing out. On the other hand, the volume of music production means that the UK does not have to invest as much in national music promotion as, for example, Finland and Hungary.

These nuances are quite important for Moscow and St. Petersburg. However, the majority of the listeners still prefer artists from other countries including In-Grid, Las Ketchup or Shakira. The names of the most successful legal record compilation speak for themselves (e.g. 'The Best from the West' or 'Love Story').

6.1 World Music

World Music is usually found in compilation format, bearing formal names such as 'Voices of Africa' or 'Celtic Songs'. However, there are also big international stars like Cesaria Evora (from Cape Verde, Africa), who enjoy fame and increased sales after numerous gigs in Moscow.

6.2 Jazz Music

Jazz experienced a boom in the Soviet Union in the 1970-80s, losing its stigma of prohibited music in the 90s. It has since become associated with educated and well-to-do citizens. Therefore, it has the potential to be quite profitable in cities like Moscow and St. Petersburg, as well as regional jazz meccas such as Yaroslavl or Arkhangelsk. National institutions continue to play a prominent role: Norwegian jazz or Polish jazz is nowadays a clear ‘must’ for the affiliated audience, while the French are trying to promote French jazz in tandem with *chanson* and ethno-music.

6.3 Electronic Music

Electronic Music remains a gourmet dish. Even though the number of records, festivals, club nights and tours might look impressive, electronic music in Russia is still the privilege of an educated young audience mostly living in capital cities; Izhevsk, the capital of the federal republic of Udmurtia, being an exception. The concept of electronic music is dim; it is often seen as any kind of music not involving live instruments. The mainstream consumption of electronic music in the late USSR was dominated by ‘legalised’ French Space or Jean-Michelle Jarre, who has influenced tastes greatly. While a free show of Jean-Michelle Jarre on the anniversary of Moscow in 1997 gathered up to half a million spectators, the first widely advertised Kraftwerk’s gig in 2004 did not attract more than 5.000 viewers.

6.4 Hip Hop

Along with rap music, hip hop could hardly be considered best selling music genres prior to the boom of R’n’B in 2004. In the 2000s, the situation started changing fast with the appearance of white artists (the most prominent being Eminem) and the successful mixture of hip hop with Russian *chanson*. The potential of hip hop genres in Russia showed itself with the overwhelming growth of local R’n’B culture brought from the West during 2003-2004.

6.5 Rock Music

Rock is quite successful on a sub-cultural level as seen with metal and gothic foreign artists easily finding their way to the hearts of the Russian audience. This can be explained in terms of the independent media infrastructure that these subcultures maintain. Mainstream acts get less access to the Russian mainstream media than in the West due to the overall domination of pop (mostly Russian pop) music. Nevertheless, veteran acts such as the Scorpions or Nazareth need no introduction and tour Russian the provinces extensively. This is not the case with new garage or post Brit-pop bands.

7. Introducing New Musical Trends

Promoters of newly introduced musical trends and particular acts should take local cultural characteristics into consideration.

As in most big countries, Russian television and cinematography tends to prefer dubbing (voice-overs) to subtitles. To a great extent this prevents people from learning and understanding foreign languages.

The low proficiency in English along with the poor economic situation has led to the success of ‘clone artists’. Though this phenomenon has not reached such extremes as in Japan, for example, numerous copycats, or clones, borrow attributes from other performers such as performance mannerisms and other stylistic qualities which are obvious in the market. Russian clones sing in Russian, understandable to the audience, and they are touring the country extensively; their presence fascinates the audience.

Adaptation to local musical and lyrical traditions is a common international phenomenon in music trend development. Nevertheless, Russia demonstrates how important the correlation with the local tradition is for trend promotion. Hip hop, Rap and R’n’B remained marginal trends on the market until the appearance of artists using rap lyrics referring to the everyday reality of the Russian working class (*Kasta*) and introducing traditional instruments and harmonies (*Serega*).

8. Current Piracy Situation on the Record Market

Piracy remains the major obstacle for the development of the record business in Russia. According to IFPI Russia (the International Federation of the Phonographic Industry) piracy added up to $400m in 2004, comprising 66% of the entire Russian market and 7% of the global piracy market. At the same time, the ‘legitimate’ market in Russia does not exceed 1% of the world music market. It is no surprise that Russia ranks 7th in the world by piracy level. Not only does Russia produce and consume pirated productions but it is also the world’s 2nd biggest exporter of pirate music products, delivering to Europe, Latin America, the USA and Asia.

A cross-section of regional distribution shows an appropriate correlation between the rate of piracy and the distance from the capital. In the most remote centres such as Vladivostok or Petropavlovsk-Kamchatsky, the rate of piracy is estimated as 90%.

The term ‘pirate’ remains highly contested and ambiguous. It is impossible to determine whether someone can be considered a pirate based on a court ruling. Furthermore, most modern distribution networks and many Russian record labels can trace their history back to their pirate days. In other words, the process of former pirates’ legalisation is a platform for the Russian record business. The most widespread practice of labelling legal production is a hologram sign (*marka*) with the information about the producer and its state license. There are several types of signs categorising the product as a Moscow edition: ‘full’ - better printing quality, a bigger booklet for a higher price; or a federal edition known as ‘bud’ - only the basic elements of design for a lower price. There are several types of signs circulating. Discussions on forming a common, standard sign still continued in 2005.

Simultaneous production of legal (i.e. with a sign) and illegal goods by officially licensed plants also serves as a vivid illustration of the piracy situation. The factor of ‘semi-legality’ exists both in production and distribution. On the other hand, precedents came to be when official publishing companies forced pirates to pay copyright clearance and thus make the popular series “Romantic Collection” legitimate.

In 2005, Russia had 36 licensed OD (Optical Disc) plants, with 61 CD lines, 18 DVD lines, three CDR (Compact Disc Recordable) lines and a total capacity of 337 million CDs and 67 million DVDs.

NUMBER OF OD PLANTS AND CAPACITY GROWTH[3]

Year	1996	1998	1999	2000	2001	2002	2003	2004
Plants #	2	3	6	10	13	17	26	36
Products volume	No data	No data	CD 60m	CD 90m	CD 150m	CD 180m	CD+ DVD 300m	CD 347m DVD 67m

The problem of piracy predominantly affects Russian acts (dominating the market with up to 70% of all sales, followed by foreign acts accounting for 28-29%, and classics a very small share). Ironically, small independent labels measure the success of their releases by figures on reported piracy. Pirate distribution in the provinces is more lucrative than the legal avenues. In the CIS countries it is the main way to get an audience acquainted with a Russian artist.

National by its core, the situation with piracy forces primarily Russian labels, artists and authors to seek unification. There are several unions of this kind: IFPI (the International Federation of the Phonographic Industry), RPA (Russian Phonographic Association) and NFPP (National Federation of Phonogram Producers).

IFPI possesses and updates its own PPD (Pirate Product Database), which includes samples from seizures outside Russia and test purchases by IFPI National Groups. PPD currently holds detailed records of 21.000 pirate copies of CDs. The IFPI forensic lab is able to trace the source of pirate CDs by comparing pirate CDs to its exemplar discs. Exemplar discs are provided to the IFPI forensic lab through the IFPI-Russia Plant Visit Program. Out of 36 OD plants, ten refuse to provide exemplars to the IFPI. Of those 10 plants, 5 are located on the premises of restricted access regime enterprises.

In 2002 President Putin and his government proclaimed the struggle against piracy was a matter of state politics (see page 57).

[3] IFPI

In 2002-2004, IFPI carried out 27 operations against OD plants and big wholesalers. Some 12 of these operations were against the OD plants. Only four of the cases have subsequently been brought to court. Three of these cases resulted in only conditional sentences and one is still on trial. Thus despite these sting operations, pirates are not really threatened; the courts turn out to be ineffective, while piracy remains profitable.

A side effect of the struggle against music piracy is the reorientation of pirates towards the DVD and CD-R markets as these formats are less protected by the law.

Russian piracy can be explained in terms of economic, legal, institutional and cultural factors:

- average life expectancy is low
- high profits from piracy
- the legislation’s ineffectiveness in practice
- corruption
- the spread of New Communication Technologies allow for the ease of copying
- the post-socialist collectivist culture, i.e. unfamiliarity with the concept of intellectual property

Last but not least it is crucial to understand that piracy has always been a problem starting with pre-Revolutionary Russia, then the Soviet Union and then again with the Russian music business. The first evidence of pirate gramophone discs dates back to 1902 (the first stamps on gramophone discs appeared in 1911) and no political or economic regime has managed to stamp out this illegal activity. The current piracy situation on the record market is best understood within the concept of music consumption modes.

II. MUSIC FACTS AND FIGURES

1. Music Consumption Modes

The common media system has changed radically since *perestroika* up to the present, involving Russia in the process of globalisation. The transition in Russia started unexpectedly.

The strongest media types (national TV and radio) having served as an effective instrument of propaganda and as Soviet lifestyle trendsetters, suddenly started providing consumers with a radically new kind of media product, including music. As in every communist country of the former Soviet bloc countries, the media system was isolated from contacts with the West. Despite this, formal contacts with the countries of the Eastern bloc existed, resulting on a level of cultural exchange with respect to television programmes, record releases, artists' tours, and so on.

This had undoubtedly had an impact on the cultural historic memory of modern Russians. Since the Soviet era, music and other forms of Western media were ascribed an additional role which they might not have in the West. Western music, starting from post-war jazz records up to The Beatles, has remained a symbol of the pursuit for freedom and a demonstration of individualism. None of these Western ideals coincided with official Soviet ideology and therefore consumption of Western music and culture in general has turned into a form of protest. The state spent considerable sums on jamming foreign radio station broadcasts; four days of jamming the BBC Russian service in 1971 cost the Soviets a sum equal to the BBC Russian service's annual budget. The import of record equipment and data carriers was also prevented.

The results of the state's censoring created the need for illegal copying (known in the USSR since the 1960s when Western LPs were copied onto old medical X-ray prints) and provided a historical background for modern piracy. The Soviet state inadvertently fostered the establishment of an illegal black market, which created mythological artefacts otherwise not obtainable from official stores. By 1993, even though 60% of the Russians were living below the poverty line, the interest in (Western) pop culture had spurred demand. Consequently, it turned *samizdat* transformation into a profitable business.

The importance of small media turned into a unique criterion of credibility. New cultural trends spread via home tape-recorders and early recording cooperatives gained more credibility in terms of Western culture proficiency.

In turn, the interest in musical production from the countries of the Eastern bloc including the Baltics and the Soviet 'semi-abroad' disappeared simultaneously with the fall of the bloc. However, in the 2000s among capital *intelligentsia* circles there were vivid signs of nostalgic feelings towards old eastern European productions along with the revival of old Soviet and Soviet-styled *estrada* (variety pop).

Nostalgic tendencies are quite strong both in the record and showbiz markets. Russians want to listen to Boney M, C.C. Catch, Modern Talking and Ottawan as well as the ex-Czechoslovakian Karel Gott (all of these artists are constantly touring Russia). Another sign of nostalgia is reflected in growing nationalism. These trends along with the typically poor command of English by local inhabitants is the reason why national music products account for two-thirds of the record market. The language barrier obstacle influences the choice of pop and rock music in Russia. Artists particularly interested in the Russian market such as Rammstein or Nilda Fernandez practise recording solo or duo pieces with Russian artists in Russian, which normally leads to success.

As mentioned on page six, gig consumption dominates over record consumption. However, the development of NCT and growing access adds to the popularity of new data formats. Teenagers and young listeners under 30 remain the most active music consumers.

Traditionally in regions other than Moscow and St. Petersburg, the MC (Music Cassette) format has dominated over the CD, the reason being lower MC costs. The first CD was released in Russia in 1999 but it was not until in 2004 when the MC was finally replaced by the CD.

However, according to InterMedia, the legal DVD segment of the market did not experience growth similar to the CD format because of its greater vulnerability to piracy. In 2004, there was an enormous growth in illegal DVD sales, due to both the DVD’s larger capacity and also a decrease in prices of DVD-players and home cinemas. Another reason for the prevalence of illegal DVDs within educated consumer circles is that the pirate production is not coded by geographic zone; Russia, the US and Europe all lie in different zones, which considering the lack of official Russian releases, makes combining utterly inconvenient.

Experts have also noticed a boom in the MP3 segment with legal sales approaching 3,25 million copies. For €1,25 one can buy up to 12 hours of music, including up to 10 albums, discographies, texts, tablatures, etc.

In 2002, the number of legal music copies sold per person in Russia remained at a level of 0,78 (4,15 in the UK; 3,04 in the USA; 2,16 in Japan).

In conclusion, music consumption in Russia can be characterised in terms of listening habits, education, regionalisation, identification as well as international terms of record business stagnation and new format conflicts. In addition to this, illegal music piracy has had a large impact on the cost of new music formats. The cost of music media for the consumer thus creates another national consumption paradox.

2. Statistics and Market Data

LEGAL MUSIC PRODUCTION IN RUSSIA, 2003-2004, BY SALES VOLUME[4]

	2003	2004
Market cost, ($ m)	326,3	487,4
Sales volume, m copies, Including, m copies:	115,28	119,14
MC	85,0	60,5
CD	28,8	55
CD-MP3	1,2	3,25
MD	0,015	0,01
LP	0,11	0,1
DVD	0,05	0,2
VHS	0,1	0,08
Release categories by repertoire	65% – national 33% – international 2% – classical	76% – national 22% – international 2% – classical

RECORD FORMATS IN RUSSIA IN OCTOBER 2004, LEGAL SALES (IN €)

Local Repertoire[5]

Format	Repertoire	Price category		
		Full	*Mid*	*Budget*
MC	Pop-rock, classic	1,4	1,26	1,12
CD	Rock	11,24	7,45	3,65
	Pop	9,55	6,60	3,65
	Classical	5,06	3,65	2,25
VHS	Pop-rock, classic	5,06	4,35	3,65
DVD	Pop-rock	19,67	14,05	8,43

International Repertoire[6]

Format	Repertoire	Price Category		
		Full	*Mid*	*Budget*
MC	Pop-rock, classic	2,25	1,76	1,26
CD	Rock	19,11	11,94	4,78
	Pop	14,61	9,41	4,21
	Classical	8,43	6,18	3,93
VHS	Pop-rock, classic	6,18	4,92	3,65
DVD	Pop-rock	25,29	17,21	9,13

[4] InterMedia. Non-music DVDs and VHSs are not counted
[5] InterMedia
[6] InterMedia

INTERNATIONAL REPERTOIRE IN 2004: LEGAL MARKET, BY VALUE[7]

Period: January-December 2004			
NET REPORTED SHIPMENTS			
	UNITS	WHOLESALE VALUE	ESTIMATED RETAIL VALUE
AUDIO MARKET			
TOTAL SINGLES	120	280	469
TOTAL ALBUMS	118.620	302.365	487.395
LP	100	460	725
MC	60.500	48.600	79.915
CD +MP3	58.000	253.065	406.425
MD & other	20	240	330
TOTALMUSIC VIDEO VHS+DVD	265	1515	2980
MUSIC VIDEO VHS	65	515	980
MUSIC VIDEO DVD	200	1000	2000
MULTIMEDIA	40	480	580
NET REPORTED SHIPMENTS			
	UNITS	WHOLESALE VALUE	ESTIMATED RETAIL VALUE
AUDIO MARKET DETAIL			
TOTAL SINGLES	120	280	469
MC	10	10	18
CD (total)	110	270	451
TOTAL ALBUMS	118.620	302.365	487.395
RETAIL	118.620	302.365	487.395
LP	100	460	725
MC (total)	60.500	48.600	79.915
Full 10%	6.500	7.800	15.113
Mid 50%	30.000	26.400	30.002
Budget 40%	24.000	14.400	34.800
CD (total)	58.000	253.065	406.425
Full 4%	2.500	31.375	42.625
Mid 29%	17.500	131.250	189.000
Budget 67%	38.000	90.440	174.800
MD	10	107	162
SACD	10	133	168
REPERTOIRE ORIGIN			
TOTAL ALBUMS	118.620	302.365	487.395
Domestic - 76%	90.151	234.753	358.542
International - 22%	24.910	64.766	123.618
Classical - 2%	2.372	2.846	5.235

[7] InterMedia

INTERNATIONAL REPERTOIRE IN 2004, LEGAL MARKET (IN $)[8]

Repertoire		Price category, $		
		Full	*Mid*	*Budget*
MC				
Pop-rock and classics	January	2,76	2,16	1,55
	December	2,86	2,23	1,6
	Average	2,81	2,195	1,575
CD				
Pop-rock	January	20,74	12,78	4,84
	December	21,46	13,6	5,72
	Average	21,1	13,19	5,28
Classics	January	10,36	7,25	4,15
	December	10,72	7,86	5,00
	Average	10,54	7,55	4,57
CD-MP3				
Pop-rock and classics	January	6,22	4,4	2,59
	December	6,44	4,56	2,68
	Average	6,33	4,48	2,64
DVD				
Pop-rock	January	29,38	21,6	13,82
	December	29,22	19,67	10,12
	Average	29,3	20,63	11,97

CD- AND MC-FORMATS IN RUSSIA IN JULY, 2003 (IN €)[9]

	CD			MC		
	Full	Mid	Budget	Full	Mid	Budget
Local repertoire, legal	10,29	6,25	2,78	1,39	1,25	1,11
International repertoire, legal	16,68	10,15	3,61	2,22	1,74	1,25
Local, international and classic repertoires, Pirate	3,06	2,50	1,95	1,11	0,97	0,83

8 InterMedia
9 combined by sources from B.Wlodarczyk

RECORD SALES BY AGE GROUPS[10]

Age group	%
10-14	5
15-19	23
20-24	22
25-29	20
30-39	15
40-49	10
50-59	3
60+	2
Total	100

3. Russian Record Market Structure: Representation of Audio Formats

As previously mentioned, record sales cannot be considered the only indicator of an act's success in Russia. This is explained by a lack of sales statistics transparency on all levels, piracy, and consumption traditions reflecting the domination of gigs over records. However, with economic stabilisation under Putin's rule, positive changes can be observed. Though any attempt to categorise the income of an average Russian would still be a Catch22; the concept of a middle class is applicable only in Moscow and St. Petersburg. The growth of real income and economic stability has led to the increase of private investment in the entertainment sector, including the record market.

The 50% growth in market costs in 2003-2004 can also be observed in terms of an increase in licensed CD prices and a late but final victory of the CD-format over the MC; the fall of the USD rate also influenced market costs. Looking at sales by type of repertoire shows that the volume of foreign repertoire sold remained the same in 2004 while its share of the market fell from 33% to 22%. The lower strata of Russian society (that are only starting to invest in legal record products) focus on national repertoire. InterMedia experts predict an insignificant fall in the market in 2005 as a follow-up to the world record crisis. With a high degree of probability it is the international repertoire that will be the first to take the blow.

For the international repertoire category, 'Full' refers to imports while the category 'Budget' includes licensed material and 'unprotected' catalogues. The Russian version of the Cyrillic alphabet (similar to Bulgarian, Serbian, Ukrainian and Belorussian; used in Mongolia and post-Soviet Central Asia) is successfully applied by major record labels for local release layouts, and corresponds to the 'Mid' category on the scale. In 2004, the major record labels' common Cyrillic turnover rose to 6,6 million copies, oriented primarily toward non-capital regions. This did not influence the sales in the 'Full' category, which remained

[10] InterMedia

on the level of 1,2-1,5 million a year. The catalogue of common Cyrillic majors includes over 1.000 CD releases; Sony has launched the first series of Cyrillic DVDs. Cyrillisation cannot, however, prevent pirate production via the Internet.

The proportion of the 'Full'-'Mid'-'Budget' categories on the market can be roughly estimated as 10%, 30%, and 60%, respectively.

In 2004, the common price rate grew by 10-12% in the legal CD and MC segment (reaching $1,6 for wholesale) while DVD prices decreased.

The CD format is losing to the CD-MP3 and also suffering from free downloading on the Internet. The fall in prices of home cinemas, CD-R, CD-RW and DVD-R OD makes the position of CDs even more problematic.

Besides problems from technology development, the Russian record market suffers from a lack of coordination between state bodies controlling and protecting the music industry. The legal segment and especially law enforcement remains a weak link; copyright owners and state organs have not established effective modes of cooperation.

4. Record Industry Actors

4.1 Major Record Companies

All of the major international record labels are represented in Russia. BMG established its representation office in Moscow in 1995, reforming it into an authorised branch in 2000 and preparing for its eventual merge with Sony. Since the Sony/BMG merge, it has become the major legal label on the market. EMI has been represented by a licensee, SBA/Gala Records, since 1993. Universal has its own authorised branch.

Universal Music is characterised by the most efficient A&R work with local catalogue among the labels. Very few Russian pop stars manage to get into the charts in the West. All of them (including t.A.T.u and Eurovision-2000 sensation Alsou) have been signed by Universal.

MAJORS' SHARES IN THE RUSSIAN MARKET (IN %)[11]

	International catalogue	Local catalogue
MAJORS	30%	5%
OTHERS	70%	95%

[11] Expert assessment by InterMedia, incl. IFPI data

SALES VOLUME OF RUSSIAN MAJORS' BRANCHES/REPRESENTATIVES IN 2002

Major	Share in the Russian market, in% among majors	Share in the European market, in %
Universal	34,7	27,3
EMI	26,3	16,6
SONY	20,8	12,9
BMG	13,1	10,9
Warner	5	11,5

The sales volume data and their breakdown are considered commercial secrets. The size of the majors by sales volume is as follows: 1) Sony/BMG, 2) Universal, 3) EMI, 4) Warner.

Major labels' business methods vary according to sales volume and the form of representation in Russia. A comparative study of labels' promotion policies shows that BMG, although being a leader and successfully printing Cyrillic releases, neglects promo activities. Universal is much more active, effectively using media and street advertisement in the capitals. SBA/Gala which is forced to sell 'Full' price OD and has no right for local reprint successfully concentrates on media promotion.

Unlike in the West, labels' investment into street advertisement of releases is insignificant. Media advertisement (especially audiovisual) dominates in this sector. This corresponds to the Russian tradition of believing in commercial media rather than street advertisements. Another explanation is barter agreements, which are easily achieved with the media and do not deal with street advertisement.

In case of an international artist tour, most commonly it is the promoter that holds and arranges the promo campaign. Active major labels (SBA/Gala and Universal) normally take the initiative and cooperate with the promoter. The proper advertising of the tour for the artists presented by Sony/BMG or Warner in Russia, on the contrary, fully depends on the goodwill of the promoter.

The production sector might be seriously influenced by the plans to build an OD plant in Yaroslavl, with the Bertelsman distribution centre as its base. Concentration of different majors' production at one plant may lead to the restructuring and decay of numerous other OD producers.

Among non-major international labels' representatives, Soyuz remains the most active player on the market. Its sub-labels Zakat (Sunset) and Tantsevalny Ray (Dance Paradise) represent, for example, Domino and Defected, respectively. The label is most open to foreign independent labels' offers. The sales of Soyuz' international catalogue are hardly significant, but the presence of this scheme is important for the market. The Megaliner label is a licensee for successful commercial pop artists (e.g. O-Zone or Tarkan), and the same practice has been introduced at RMG (e.g. In-Grid or Benni Benassi).

The sales figures remain a commercial secret at most of the labels, but in order to illustrate the tastes of the Russian audience (with reference to majors and

Russian labels) the results of the Russian Grammy (Premiya Record) can be used.

PREMIYA RECORD WINNERS, INTERNATIONAL ALBUM, BY YEAR[12]

Year	Artist	Album	Label
2005	O-Zone Rammstein Benni Benassi	Disco-Zone Reise, Reise Hypnotica	Megaliner Universal Music RMG
2004	**In-Grid** Eminem Rammstein	**Rendez Vous** The Eminem Show Mutter	**RMG** Universal Music Universal Music
2003	**Shakira** Eminem Pink	**Laundry Service** The Eminem Show Missundaztood	**Sony Music** Universal Music BMG Russia
2002	**Rammstein** Modern Talking Gorillaz	**Mutter** America Gorillaz	**Universal Music** BMG Russia EMI/SBA/Gala Records

4.2 Russian Record Companies

It would be wrong to categorise all Russian labels as independent. The interconnected functions of industry actors have led to establishing a national major under the reign of the Russian Media Group. The group owns the most powerful national radio stations (Russian Radio, Russian Radio-2, Dinamit FM, Monte Carlo, Radio Maximum), several significant record labels (NOX music, Real Records, Grammophone Records), and the 2nd largest distribution network (Mango Multimedia).

ARK Records, CD-Land, Classic Company, Grand Records, Quadro Disc, Megaliner, Misteria Zvuka, Monolit possess their own CD and MC production facilities. RMG (not to be mistaken for Russian Media Group) produces MP3 CDs while the Essential Music Group manufactures SACDs.

The oldest national record company, former Soviet monopolist Firma Melodiya, founded in 1964, is the only state-owned record company out of several hundreds operating on the market. The 2nd oldest companies are SBA/Gala Records (representing EMI) and Sintez Records, both established in 1988.

Real Records became famous for concentrating on Russian rock releases. After adjoining Russian Media Group in the early 2000s, however, the focus was lost and the label started releasing albums of *Fabrika Zvezd* (Star Factory) winners.

[12] InterMedia. Nominees only for 2005, winners tbc by the end of the year

The biggest Russian rock stars Zemfira and Mumiy Troll have contracts with Real and CD-Land, respectively.

The Nikitin label to a certain extent follows Real's politics, maintaining Russian rock music, but without the alliance with First TV Channel (that Real used to have) the scheme fails to work.

Affiliation of labels with audiovisual media is a typical feature of the Russian record market. Real Records, Grammophone Records, ARS records and Prof Music have formed alliances with TV and radio channels. This does not exclude the possibility of non-affiliated labels/artists' appearance on the air but to a certain extent lowers their chances.

CD-Maximum, Megaliner and Art Music Group focus mainly on licensed international catalogues.

Boheme Music specialises in the jazz format and organises its own international Boheme Jazz festival.

Respect Production and Rap Records are the main labels for rap and hip hop productions.

Citadel Records and Exotica specialise in electronic music while FeeLee and Otdelenie Vykhod are geared toward *avant-garde* and underground rock. Tantsevalny Ray, Atmosfera Rec, RMG and Turbomusic concentrate on dance music.

Among labels focusing on local specialities Master Sound and Classic Company should be mentioned as Russian *chanson* specialists, and IVC and Muzprom/MO as bard music hubs.

Igor Matvienko's Producing Centre has maintained a distinctive profile spearheaded for a couple of decades by two absolute star bands: the boyband Ivanushki International and Russian pop-rock/*chanson* hybrid Lube.

Snegiri (and its sub-labels Legkie and SH2) is famous for indie trend-setting; bringing lounge music to Russia in the early 2000s and promoting an alternative, postmodernist version of *chanson*. The label is popular for compiling corporate CD-compilations, often using foreign tracks.

The year 2005 faced the boom of 'out-of-bedroom' independent labels in Moscow. Nevertheless, none of them have turned into prominent independents.

LARGEST RUSSIAN RECORD COMPANIES[13]

#	Record comp.	Catalogue, Loc/Int	Own CD production	Own distribution
1	CD-Land Records	Loc+Int	+	+

[13] InterMedia

2	Real Records+Nox+Grammophone Records	Loc		+
3	RMG	Loc+Int	+	
4	Soyuz Group (Soyuz, Tantsevalny Ray, Soyuz Music)	Loc+Int		+ (Own distribution network)
5	Quadro-Disc	Loc+Int		+
6	Misteria Publishing	Loc+Int	+	+
7	Megaliner	Loc+Int		+
8	Monolit Studio	Loc+Int		+
9	Nikitin Record Company	Loc+Int		+
10	Igor Matvienko's Producing Centre	Loc		

RECORD SALES, BY GENRE[14]

Genre	% (total -100%)
Pop	40
Russian *chanson*	14
Dance	12
Rock	9
Rap and hip hop	7
Kids	5
Bard music	4
Classic	2
Jazz	2
Soundtrack	1
Clergical	1
Retro	1
Other	2

4.3 Publishing

Most of the majors and the leading Russian labels united in 2002 under the guise of NFPF (National Federation of Phonogram Producers), seeking reinforcement of the legal market, fighting piracy and safeguarding copyright protection. NFPF is comprised of 11 members (Universal, Sony, SBA/Gala Records, Real Records, Hunter Music, Monolit Studio, www.records, Gramophone Records, Nikitin Record Company, Boheme Music and Mir Muzyki); including all the majors with the exception of BMG, which withdrew from the organisation. Even now with the Sony/BMG merger, the situation of the new major participation remains unclear.

Publishing is a developing sphere in the Russian record business. All major labels possess their own publishing entities: EMI Music Publishing (since 1997),

[14] InterMedia

Warner Chappell (since 1999), Universal Music Publishing (since 2000), Sony ATV (since 2000) and BMG (since 2003). The reformatting of the latter two was a hot issue for the publishing sector in 2005. Most of the artists not represented by the majors are signed with the local RAO (Russian Authors Association).

The share of the publishers on the market in 2002 (before the current boom in the sector) can be shown as follows, in %:

Publisher/ Rights	Warner Chappell	EMI Music Publishing	Universal Music Publishing	Sony ATV	RAO
Public	23	22	20	15	20
Mechanic	22	24	20	16	18

4.4 Production Centres

The mid-2000s are characterised by the spread and growth of OD producing plants outside Moscow. This tendency does not exclude their continuous concentration in the capital, but nevertheless decreases in prominence. However, all the authorised branches of international majors prefer to collaborate with the plants based in Moscow. EMI and Sony have worked with Alien M, while Universal has cooperated with Yurfort; plans of Bertelsman building its own plant in Yaroslavl which would serve the newly merged Sony/BMG have still not come to fruition. In 2005, the list of official plants operating in Russia counted 34, with production volume at a rate over 340 million CD and 40 million DVD copies per year. The appearance of a new plant in a region automatically means an increase of piracy. IFPI experts observe illegal factory copying on CD-R as a vivid threat. Legal authorities are rather reluctant to counteract illegal producing with anything other than the well-known CD format.

The erection of new powerful plants in Rostov-on-Don and Kazan immediately turned these cities into piracy centres. St. Petersburg with its heavy street kiosk trade (mostly pirate) remains one of the most problematic cities. In 2003, 100% of the street kiosk trade in St. Petersburg remained pirate, while in 2004 the situation started slowly changing.

TOP TEN LIST OF RUSSIA'S BIGGEST OD PLANTS (in alphabetical order)[15]

Plant	Production format	Location
Alien M/DVD Club	CD, DVD	Moscow
ARK System	CD	Moscow
Kardmedia	CD, DVD	St. Petersburg
Markon & Victoria	CD, DVD	St. Petersburg
Laser Craft (UEP-CD)	CD, DVD, CD-R	Yekaterinburg
NPO Eson (ZZMT)	CD, DVD, CD-R	Moscow
Replimaster	DVD	Moscow

[15] InterMedia

RMG	CD, DVD	Moscow
ROFF Technologies	CD, DVD	Moscow region
Yurfort	CD	Moscow

The disposition of production and distribution in the regions changed radically in the mid-2000s. Up to the early 2000s, the producer of a record would sell a MC license to local producers (CD formats are not practical and sold legally in the province). This process was centralised as the producer of the record in 90-95% cases was based in Moscow. Local license owners would normally exceed the allowed number of copies up to 10 times, which suited the producer in Moscow as long as the sales of his/her official production did not start decreasing. Nevertheless, large companies (e.g. Soyuz) never sold local licenses. Over the years, local MC licenses were washed out by local 'simplified CD' licenses. Nowadays the practice of selling CD licenses to regions has diminished.

4.5 Distributors

The sales in specialised music stores in the provinces are on the rise, which entails the 'civilising' of music distribution and trade in Russia. For the highly problematic St. Petersburg it means reaching the proportion of 40/60 (pirate/licensed production) which is a sign of slow recovery. However, in street kiosks (deprived of the right to sell music production all over the country except St. Petersburg) the according figure still is 90/10. The town of Vyborg, which lies in the St. Petersburg region on the border with Finland, remains a hard case for Russian and Finnish authorities. Vyborg provides Finnish tourists with an unprecedented assortment of pirate formats and catalogues (including Finnish specialities).

The flow of Russian repertoire imported to the significant Russian community in Germany is, according to IFPI, nearly 100% pirated.

The border city of Kaliningrad has no OD production of its own, but it serves as a contraband base for Poland, while Novosibirsk performs the same function for Kazakhstan.

Yekaterinburg in the Ural region may be called the least problematic city out of the ones hosting OD plants. Nizhny Novgorod, the 3rd biggest city of Russia, has no production of its own and can be considered relatively 'healthy'. Samara, the Volga area centre, has no production of its own but is registered as a big distribution hub; obviously covering impressive volumes of pirate production.

Gorbushka/Gorbushkin Dvor in Moscow is a vast music market representing practically all kinds of music production available in Russia. Gorbushka started in the 1990s as a nearly 100% pirate market and has since underwent a crucial transformation, remaining a barometer reflecting the situation with piracy in Moscow.

The top ten wholesale distributors in Russia are as follows: CD-Land, Music Trade, Bomba-M, Grand, Quadro-Disc, Megaliner, Misteria Distribution, Monolit Trading, Spire and the Nikitin Company. Most of these companies have joined

NPD (Non-Commercial Partnership of Distributors). There is practically no major or big Russian label whose releases are not distributed by an NPD member.

THE LIST OF NON-ASSOCIATED WHOLESALE DISTRIBUTORS[16]

Company name	Region
Hunter Music, TWIC/Lyrec, Prolog Music (RDM), Spire, Nikitin Company	Moscow
BIG	Kirov
Compact Disc	Yekaterinburg
Agharta	Novosibirsk
Bars-Media	Kazan
Video & Zvuk	Nizhny Novgorod
Bertelsman Distribution Centre	Yaroslavl
KDK	St. Petersburg
Soyuz Drive	Samara
Uralton	Chelyabinsk
Zvuk (RONEeS Group)	Rostov-on-Don

[16] InterMedia

MOST IMPORTANT SPECIALISED STORES: NETWORKS[17]

#	Network Name	Region	Stores #
1	Soyuz	Moscow + Moscow region	64
		St. Petersburg	5
		Nizhny Novgorod	2
		Samara	1
		Murmansk	1
2	Mango	Moscow + Moscow region	51
		St. Petersburg + Leningrad region	21
		Samara	1
		Sochi	1
3	Music Star	Stavropol, Pyatigorsk, Mineralnye Vody, Rostov-on-Don, Novocherkassk, Azov, Taganrog, Astrakhan, Volgograd, Volzhsky	26
4	Uralton	Chelyabinsk	8
		Miass	3
5	Titanik Video Records	Moscow	3
		Yekaterinburg	1
		St. Petersburg	1
		Novosibirsk	1
6	Gloria	Yekaterinburg	6
7	DiVA	Stavropol	2
		Nevinnomyssk	1
		Pyatigorsk	1
		Svetlograd	1
		Cherkessk	1
8	Imperia Razvlechenii	Tomsk	5
9	Shokolad Market Video	Tomsk	5
10	Meloman	Novosibirsk	5
11	Agharta	Novosibirsk	3
		Barnaul	1
		Kemerovo	1
12	Hit-Parade	Irkutsk	5
13	Legion	Krasnodar	5
14	Muzykalny Labirint	Belgorod	4
15	Freetonica	Ufa	4
16	Nasha Muzyka	Ufa	4
17	XXI Vek (Mir Zvuka)	Samara	4
18	Hi-Fi	Stary Oskol	4
19	Purpurny Legion	Moscow	3

[17] InterMedia

	(Legioner)		
20	Million Melodii	Zelenograd (Moscow)	3

Both the legal wholesale and retail markets have demonstrated steady growth in the mid-2000s. The number of specialised music stores and online retailers is considerably increasing. The process involves the emergence of new distribution networks outside Moscow and St. Petersburg, the appearance of online-retailers and overall growth of DVD sales. As often happens in Russia, many ambitious distributors expand their activities, buying OD-production lines and turning into full-cycle companies (Misteria Zvuka from Moscow would illustrate this tendency best, though the trend prevails in the provinces as well).

5. National Music Industry Studies

The InterMedia agency is the most important structure in terms of music industry studies. Established in 1994 as a music news agency, InterMedia turned into a mainly analytic structure, constantly researching the music market and possessing unique statistics and an extensive nationwide database. InterMedia publishes an annual professional edition of Russian Music Ezhegodnik (an annual report) combining the latest research with its updated database. Since 1998, the agency has also held the annual Premiya Record, which does not announce exact sales data but is extremely important for its credibility. True data are provided to InterMedia by the labels.

6. Subventions and Grants

The practice of subventions and grants is not typical for the Russian music business. There is no supportive activity on the part of the state. Private institutions and foundations might support or sponsor an act, a record label or a festival based on existing private relations. However, that would not bear a form of grant or subvention.

7. Structure of the Russian Showbiz Market

7.1 Global Situation and Evolution

It is impossible to overestimate the importance of the showbiz segment in Russian music business. Historically, gigs rather than records have been the unit of measurement of an act’s success and, continuously, along with the tendency for discreet music consumption, gigs are the major instrument to uphold, promote and sell an artist’s image. In the CIS countries where piracy rules the market the situation is even more crucial: it is not a ‘gig-over-record’ but a ‘gig-not-record’ sales mode. This statement applies to both Russian and foreign non-academic artists. This chapter mostly focuses on international acts performing in Russia.

The legal base for showbiz in Russia includes laws on:

- Business Activity
- Advertisement
- Import and Export of Cultural Values
- Copyright and Allied Right

- Trademarks, Service Marks and Producer's Location Labelling on Goods, and tax legislation of the Russian Federation, etc.

InterMedia assesses the cost of the Russian concert market at $200 million, with Moscow alone over $50 million. This figure includes only gigs, presupposing advanced ticket sales and excluding club, corporate and private performances; accordingly the real figure would be much higher. Even sorting out this group, the statistics demonstrate the steady growth of showbiz. The overall number of ticket sales in Moscow in 2004 reached 1,3 million, while the number of these gigs exceeded 2.000. Ticket sales grew by 5-10%; prices were raised 10-15%.

CONCERT ACTIVITY IN MOSCOW, RUSSIAN AND FOREIGN ARTISTS, BY QUANTITY[18]

Month	%	Month	%
January	2,27	July	1,76
February	8,56	August	1,26
March	9,32	September	6,05
April	12,1	October	13,35
May	8,82	November	13,83
June	8,07	December	14,61

Obvious concert peak seasons are October-December and March-April. December fee offers are expected to be higher, as this is the period for closing sponsorship promo budgets of the ticketed gigs. Furthermore, in December, companies widely invite artists to perform at their corporate and private parties. The celebrations in Russia continue up to New Year's Eve, which is the biggest national holiday; performances on a New Year's Eve earn the highest fees. January is a very quiet month. In July and especially in August, most Russians leave for their holidays. The following is a list of Russian holidays:

OFFICIAL HOLIDAYS IN RUSSIA

Date(s)	Holiday
1-3 January	New Year's
7 January	Christmas
23 February	Army Day
8 March	Women's Day
1-2 May	Labour Day
9 May	Victory Day
12 May	National Day
4 November	Reconciliation Day

Different holidays presuppose different leisure modes, and as a rule Russians try to add a day-off or two to any holiday. Life stops completely in the first part of January with people celebrating at home, visiting friends and travelling abroad. Dates around 8 March and 4 November are on the contrary meant for active socialising in the city, which includes attending concerts. The beginning of May is not recommended for any kind of concert activity. In early May Russians head off to their summer cottages with the first ray of sun, which means it is harder to attract audiences to venues. In the second part of May,

[18] InterMedia

they go back to their working places but still try to escape the city at their earliest convenience on Friday.

CONCERT ACTIVITY IN MOSCOW AND ST. PETERSBURG, FOREIGN ARTISTS, BY NUMBER OF ACTS[19]

Year	2002	2003	2004
#	99	142	167

Ticket prices keep increasing along with the number of gigs. The VIP ticket category serves mainly New Russians and rich people that are interested more in publicity than in the event itself. Top prices in this category were observed at gigs by Cher, Whitney Houston and Enrique Iglesias. Most of the ticket prices for club gigs do not exceed, or slightly exceeded the budget range.

TICKET PRICES IN MOSCOW, BY RANGE (IN $)[20]

	VIP	Full	Mid	Budget	Total
Price ($)	110+	56-110	19-55	<=18	---
Share (%)	5	10	45	40	100

For St. Petersburg (which is poorer) the range is significantly lower. The absolute majority of tours and concerts in Russia take place in Moscow and St. Petersburg. The list of the most active cities in the provinces includes: Nizhny Novgorod, Samara, Saratov (in the Volga region); Yekaterinburg (in the Ural region); Rostov-on-Don (in the South-European region); all of these being million-plus cities. Irkutsk is the most active city in the 'passive' Far East. Izhevsk in the Volga region invites electronic acts. Kaliningrad, using its strategic location and professional venues, brings in synth-pop and veteran pop acts. Sochi, the capital of the Russian Riviera on the Black Sea, is an undoubted summer must for Russian pop artists entertaining city guests from the provinces. However, Sochi during the summertime may be considered by foreign agents as well, especially when it comes to pop production. Arkhangelsk and Yaroslavl to the north of Moscow are famous for their jazz activity; Petrozavodsk, close to the Finnish border, for its folk affiliation.

Special importance must be given to the fast developing region of Western Siberia: Khanty-Mansiisk, Surgut, Nizhnevartovsk. This oil and gas producing district is one of the very few rich regions in the country whose well-being totally depends on natural resources. The western Siberian cities are only beginning to work with foreign artists, but should be viewed as a perspective target area with a good infrastructure.

As with the record business, the scale of Moscow→St. Petersburg→province reflects declining showbiz activity. Also, in accordance with this scale, the record business in St. Petersburg, by number of gigs, venues and working methodology of local promoters, is closer to the provinces than it is to Moscow. St. Petersburg may boast a few examples of foreign artists premiering in Russia, without a follow-up in Moscow (e.g. Dead Can Dance and Ravi Shankar in 2005),

[19] InterMedia
[20] InterMedia

but these remain exceptions to the rule. However, the ease of passing on the way from Finland to Estonia remains a challenge for agents and artists: The Russian-Estonian border is famous for unpredictable losses of time due to equipment clearance. It has at least twice led to the cancellation of gigs; Garbage had to cancel its Tallinn gig in 1997 and REM in 2005, both which were meant to be in St. Petersburg after waiting on the border for hours.

It is an unspoken rule that nearly every artist that first performs in Russia plays in Moscow, optionally St. Petersburg and quite rarely the provincial cities. This is caused not only by the economic situation in the provinces but also the great distances and the state of the infrastructure. The concert business in Russia remains, to a great extent, a black market area. Accordingly, the risk of unexpected fee reductions, late cancellations, as well as technical and catering riders, increases with the distance from Moscow. Nevertheless, the Russian audience is famous for its devotedness. After successful gig(s) in Moscow and St. Petersburg, many artists already see these cities as their Russian base and start out from here for Russian tours.

The infrastructure in the provinces is not ready to meet the demands of most foreign artists. It is nevertheless suitable for DJs (e.g. Benni Benassi), veteran rock (e.g. Nazareth) and pop acts (e.g. Ottawan). The phenomenon of ‘old gold’ in Russia is quite unique: artists like Modern Talking, C.C. Catch, Liz Mitchell (ex-Boney M) and Bad Boys Blue are touring Russia and the CIS extensively. Moscow hosts a special annual festival (Diskoteka 80-h) organised by AvtoRadio and focuses on this category of artists.

In 2005, French singer Patricia Kaas, who first performed in Moscow in the early 1990s, launched a vast and successful Russian tour. The factors influencing the success included the wide presence of the artist in the major Russian media for a considerable time; affiliation with French *chanson* (traditionally loved in Russia) and the active support of the French Music Export Office (BUREX). In Moscow alone, at least five artists of French origin were performing per month in 2004.

Establishing a loyal fan-base and ‘overtouring’ serve as counterbalancing phenomena. Rammstein, one of the most successful foreign acts in Russia, owes much of its popularity to its shows. At the same time the band is wisely selective when it comes to touring in Russia and does not perform here more often than once in two years. On the other hand, Cesaria Evora, a *morna* folk singer from Cape Verde, performed three times in the capacious halls of Moscow during 2002-2003. Media reaction diminished from delight to irony or loss of interest. Nevertheless, the size of Russia allows using the provinces as a kind of second-hand market after extensive touring in Moscow. For many cities the presence of any foreign act is still an event of its own regardless of the name, style and quality of the product.

This approach does not work in the capital. Moscow is overfed with the number of touring artists. There is an obvious disproportion with respect to the type of concerts. Arena tours demanding over a thousand ticket sales are rarely profitable in the city, even with sponsors’ participation. The city boasting 12 million inhabitants has never seen Madonna, U2 or Eminem’s posters in its streets. Russian legislation is not strict enough when it comes to overflowing venue capacity and sell-outs remain a rare event. The real sell-outs for foreign artists' during the season 2004-2005 happened at performances by Nick Cave (Teatr Operetty, 1.800 spectators), Rammstein (Olimpiysky, 17.500) and Franz Ferdinand's (at Maxidrom festival, Olimpiysky, 17.500). However, the club scene (events mainly under a thousand viewers) is booming, both for live gigs and DJs.

The common effect of over-touring worked against DJ promotion in Russia. Promoters, audiences and sponsors nowadays demand utterly famous or promising foreign names at well-tailored parties.

The case of Cleaning Women, a Finnish industrial rock band, illustrates the model of maintaining gig sales to Russia. The young band received an invitation from a music critic and first played for 150 spectators in a small trendy Moscow club in 2000. In 2001 the band played another gig at the same venue and gained a cult following. In 2003 they were co-headlining the Finnish Music Festival in the biggest club in the city. In 2004 they recorded a song with a popular Russian rock singer Yevgeniy Fedorov, played a five-gig club tour in Moscow, came back for the Finnish Music Festival, and in 2005 returned again for corporate parties. The status of the band in Finland at the same time is much more modest than in Moscow.

Private and closed gigs form an important source of income for an artist in Russia. The offer varies from weddings and birthdays to very popular corporate pre-New Year parties arranged for companies' staff. Joe Cocker is one of the many examples of the first type of gigs, while the Sugababes and even Kylie Minogue (playing at an oil producing company's corporate party on 25 December, 2004) exemplify the latter. The demand for these kind of gigs is growing fast.

One of the typical misunderstandings between international agents and Russian promoters becomes evident when looking at the attitude toward timing and planning. Except in the case of a very popular artist, the audience does not normally buy tickets in advance. Accordingly, the media are focusing on announcing the tour when the date is quite close. More than that, long-term booking investment represents an extra risk for many club promoters. The situation is slowly changing but Russian small and mid-scale booking remains to a great extent a last-minute affair. In the case of big venues it is recommended to book half a year in advance.

When arranging a mini-tour in Russia it is natural to try to set several club dates in Moscow and/or St. Petersburg in various locations so that clubs can share the costs. Moscow promoters cannot always be recommended for booking St. Petersburg and vice versa. It is on the contrary very helpful if the Moscow promoter entrusts the St. Petersburg gig to an established partner in St. Petersburg (the scheme widely applied by TCI or Caviar Lounge, for example).

As was outlined above, personal contacts are a key to success. On every financial scale it is recommended to find out what the potential promoter has done before and what adjacent types of business he is involved into.

8. Showbiz Industry Actors

8.1 Independent promoters

The interconnection of activities within the Russian music business leads to a situation where an artist's agent may get a trustworthy offer from a record label, a restaurant or a music magazine (The following section, 8.2, contains information on venues maintaining promoters' functions).

However, there is a number of experienced and established actors on the market, working mainly with foreign artists. On a large scale (arenas and halls with capacity over 1.000 spectators), nearly all of the most active independent promoters are based in Moscow:

SAV Entertainment (Paul McCartney, Elton John, Mark Knopfler and the most expensive pop-rock stars within the Adult Contemporary format).

TCI (Rammstein, Nick Cave, Moby, The Prodigy and numerous veteran rock stars' tours; the most effective arena events promoter in St. Petersburg).

JSA (Jean-Michelle Jarre on the Vorobyevy Hills, Scorpions on the Red Square – originally a production company, has stable contacts in Moscow city administration and is very good for non-standard technical solutions).

GreenWave (King Crimson, Mike Patton, Future Sound of London – business successful due the owners' extensive network of personal contacts in the West, focusing on *avant-garde*, rock and jazz).

Mezhdunarodnoe Koncertnoe Agentstvo (International Concert Agency; Eagles, Mylene Farmer).

Boheme Music (Boheme Jazzz annual festival).

Silence Pro (Krylya and Efes Pilsner Blues annual festivals).

Melnitsa (mostly Russian Rock events).

With regards to Clubs, the most important independent promoters are:

Caviar Lounge (Franz Ferdinand, Mouse on Mars, Michael Gira, 2Raumwohnung, etc. – established by a prominent music critic, efficiently working with alcohol and tobacco BTL-sponsor budgets, following indie-rock and electronica trends, however, often serving sponsors' tastes);

Light Music/Svetlaya Muzyka (Franz Ferdinand, Kraftwerk, Stereoleto festival – the only truly independent promoter from St. Petersburg, who, unlike its Moscow partner Caviar Lounge, has stepped ahead from sponsored club events to big halls and arena-size gigs);

Bad Taste (The Tiger Lillies, Jason Webley - extravagant company promoting ‘drinking songs’ from all over the world for a very distinctive club target audience);
Zeppelin Pro (Forty/FortDance festival in St. Petersburg, Benni Benassi – the most professional dance event organiser in Russia, growing from a private club to a multi-thousand events’ organiser);

Organised Kaos (Moloko, Faithless, DJs Tiësto, Sasha, John Digweed – the predecessor of Zeppelin both in club business and in dance event management, unlike Zeppelin Pro also specialises in dance pop live acts);

FeeLee Promotion (The White Stripes; NOT TO BE CONFUSED with FeeLee Management – a prominent structure in the 1990s, famous for bringing Diamanda Galas, Nick Cave and the Smashing Pumpkins, representing the Mute catalogue in Russia and releasing nearly perfect indie-rock on an allied label. Since 2005 affiliated with IKRA club).

The lists do not include numerous organisations working predominantly with Russian pop.

8.2 Venues

Most of the venues in Russia can be divided into three major categories: sports complexes, open and roofed arenas (capacity over 3.000 spectators); post-Soviet DK (i.e. Houses and Palaces of Culture), and/or Philharmonics (normally of 1-2.000, existing in the capitals and every provincial centre); and night clubs (below 1.000).

The biggest problem in Moscow venues is the lack of professional locations, which are just over 1.000. Club lofts in former plants' buildings are widely used for this purpose, but the demand is only increasing. Accordingly, the increased prevalence of club lofts can be predicted.

The rent fee for a theatre over 1.000 is a minimum of $15.000 (there is no show continuation and curfew limit). Nevertheless, if the gig offered coincides with the music policy of the venue, rent can be diminished to a moderate percentage of ticket sales.

Open-air arenas are very rarely used for gigs in Moscow for the risk of not selling the necessary amount of tickets. (The curfew for open-air shows is always 22.00.) Roofed sports complex Olimpiysky is the major location for shows of Rammstein, Marilyn Manson, Mylene Farmer, Massive Attack, etc.

Rossiya State Concert Hall can boast of the best acoustics in Russia, but it is predominantly used for official events and pop concerts, leaving gigs by King Crimson and Jethro Tull as notable exceptions. The future of the hall is dim as it is located at the Rossiya Hotel, which will be demolished in 2006-2007.

GKD (State Kremlin Palace) was designed in the 1950s as a hall for party meetings and the acoustics are not conducive for a decent concert sound. Cher, Whitney Houston and Tarkan have all performed in the hall. David Bowie commemorated GKD in 1998 after his gig in this hall by stating that he feels like never going back to Russia again.

DK im. Gorbunova, or simply Gorbushka in Russian slang, is an unbeatable rock mecca; hosting artists like PJ Harvey, The Rasmus, Nightwish, etc.

Moscow International House of Music is a newly built contemporary venue with an academic touch that was already appreciated by Palast Orchester and several jazz artists.

The cosiest summer venue is park stage in **Hermitage Garden** having hosted Scissor Sisters, Moloko, Faithless and numerous summer music festivals.

Some of these venues have affiliated structures setting their own agenda but in the case of foreign artists' gigs renting is the most typical scheme.

BIGGEST CONCERT HALLS, MOSCOW, BY CAPACITY

#	VENUE	Capacity
1	Luzhniki Stadium, Big Sports Arena (open)	60.000
2	Olimpiysky Sports Complex	16.500
3	Luzhniki Stadium, Palace of Sports	11.700
4	Luzhniki Stadium, Small Sports Arena	8.000
5	GKD (State Kremlin Palace)	5.700
6-8	Rossiya State Concert Hall	2.500
6-8	DK im. Gorbunova ('Gorbushka')	2.500
6-8	MDM (Moscow Youth House)	2.500
9	Moscow International House of Music (Svetlanovsky Hall)	1.730
10	BZK (Big Hall of Conservatory)	1.530
11	KZCh (Chaikovsky Concert Hall)	1.500
12-13	MKHAT im.Gorkogo	1.300
12-13	Teatr Estrady	1.300
14	Meridian	1.200

For night clubs, it is typical to act both as a venue and promoter or co-promoter. Schemes might differ in the following range:

- exclusively own promotion (e.g. Tinkoff, 16 Tons+Mechanika, Le Club)
- combination of leasing to other promoters and own promotion (e.g. B2, Tochka)
- leasing to other promoters only (insignificant venues)

Clubs leasing the venue to other promoters normally work with different companies and individuals, i.e. exclusivity is not typical.

Some clubs (e.g. Chinese Pilot Jao Da, 35mm and Dom) also act as festival organisers.

Stylewise:

B2 (5 floors, 2 stages), opened in 2001; it is no longer the biggest club by size, but having hosted such acts as Rammstein, Franz Ferdinand and Nina Hagen, it remains the leader by international repertoire.

16 tons and its bigger concert venue Mechanika are utterly independent by business methods and efficient in bringing artists like Mogwai, The Residents, Front 242, etc. 16 tons promoters also work outside their own venues, e.g. arranging Scissor Sisters' gig in Hermitage Garden.

IKRA is an active newcomer bringing the biggest amount of international artists per capita; ranging from alternative hip hop star Prefuse 73 to Richard Galliano, a French jazz icon.

Democratic Infinity and young VIP-oriented **B-Club** are the R'n'B hubs of Moscow.

Tinkoff restaurants are representative venues of a beer tycoon's national network. The owner of the brand Oleg Tinkoff (reported to be selling it in 2005) has good taste and is the most efficient club tour organiser through his own Tinkoff restaurants in the country: St. Petersburg, Novosibirsk, Yekaterinburg, Ufa and Sochi. Tinkoff's tastes vary from Fun Lovin' Criminals to Gus Gus.

Dom is the most important vanguard centre in the country, holding an impressive number of festivals and successfully mixing Japanese free-jazz, Mongolian folk and Danish electronica.

Le Club is the unprecedented jazz centre oriented toward the American mainstream, star names and rich audiences. The new ambitious rival **Jazz Town** (a club combined with a casino) tries to compete, but Le Club remains a milestone.

BIGGEST CLUB VENUES HOSTING LIVE CONCERTS, MOSCOW, BY CAPACITY

#	Venue	Capacity	Style
1	Mechanica	2.500	Rock
2-4	Tochka	1.500	rock, synth-pop, ska
2-4	CDK MAI	1.500	rock, electronics
2-4	Apelsin	1.500	rock, jazz
5	Infinity	1.300	R'n'B
6	B2 (main stage)	750	rock, jazz, electronics
7	Tinkoff	700	rock, electronics
8-9	IKRA	600	rock, pop
8-9	Club na Brestskoy	600	rock, electronics
10	16 Tons	500	rock, electronics
11	Keks/Suzy Wong Bar	300+180	Electronics
12	R-Club	350	Rock
13-14	Dom	300	avant-garde, ethno, electronics
13-14	Zheltoye more	300	Lounge
15	Art Garbage	250	rock, pop, electronics
16-18	Chinese Pilot Jao Da	200	rock, ethno, bard music, electronics
16-18	Proekt OGI	200	rock, pop, electronics
16-18	35mm (small stage)	200	avant-garde, rock, electronics
19	Le Club	180	Jazz

As far as there are no legal restrictions unless demanded by the artist, the capacity remains an indicative measurement. The capacity in the table refers only to the main halls and includes only clubs hosting concerts.

Of the dance clubs not included in this table, **Leto** and **First** would be the most important for VIP and New Russian public life; **Gaudi Arena** for raves; **Gorod** for techno; **Propaganda** for house; and **Cult** for all sorts of 'leftfield' music.

In the case of St. Petersburg, the most important and spacious clubs hosting foreign acts are **Port** and **Red Club** (the latter collaborating with B2 in Moscow). A special characteristic of the former capital are one-offs at various palaces and yacht clubs.

8.3 Festivals

High costs and the risk of terrorist attacks do not let Russia host high-profile international music festivals. The lack of economic stability makes many of the successful events one-offs. At the same time cultural impudence and intolerance of the state and local officials may result in bans.

Nevertheless, the number of festivals is growing. Most of them are organised by alcohol/tobacco brands, mass media or venues. The festival brand in Russia works by the same schemes as in the West, which can be proven by the failure of the 'Live & Loud' first event in Moscow 2005. This brought the impressive line-up of Garbage, Queens of the Stone Age and Foo Fighters, but the festival lost to more famous local rivals with modest rosters.

The most important and profitable segment unites rock festivals, most of which are 100% Russian by line-up.

8.3.1 Rock festivals

All of the festivals mentioned in the following list are held in Moscow, unless otherwise specified:

Nashestvie (August, 3 days) - arranged by Nashe Radio in the Tver region, 150 km north-west from Moscow, encompassing around 150 bands on three stages within three days. The festival is six years old and in spite of the forced change of location, remains the only field festival close to Western standards (not by the contents but by production).

Krylya (July, 2 days) - arranged by Stary Melnik beer at Tushino airdrome; follows the scheme introduced by Nashestvie but geographically remains in Moscow. In 2002, the festival was for the last time headlined by a foreign artist (Iggy Pop). In 2003, Chechen suicide bombers killed over 10 people at the entrance but the festival was never stopped or cancelled.

Maxidrom (May, 1 day) - arranged by Radio Maximum in Olympiysky sports complex; invites Russian and foreign rock chartbreakers. In 2004, Maxidrom was headlined by Franz Ferdinand and sold out for the first time in history. However, most of Maxidrom's glory remained in the mid-1990s.

Afisha Picnic (July, 1 day) - arranged by Afisha magazine at different open-air locations in Moscow; it is a fast growing newcomer. The event is not officially titled as a music festival but by extensive proportion of music and DJ stages, and by the overwhelming number of foreign acts and orientation at post-rock and electronica, it shall be considered the one to watch.

8.3.2 Jazz & Blues festivals

SKIF (Sergei Kurekhin International Festival, April, around a week) - arranged by the widow and fellow musicians of the prominent Russian vanguard composer in St. Petersburg, it is the absolute leader in terms of experimental music showcases, boasting of extensive foreign line-ups. The smaller Moscow version of SKIF, set by DOM centre is called FSK (Festival of Sergey Kurekhin); managed by a different team and does not fully overlap with the SKIF by line-up.

Boheme Jazzz (spring, 2-3 days) - arranged by the leading national jazz label Boheme Music at different locations; offers the *crème de la crème* for jazz lovers, paying special attention to ethno trends. In different years the festival was headlined by Cesaria Evora, Jan Garbarek, and others.

Jazz in Hermitage Garden (August, 3-4 days) - arranged by jazz musicians and journalists; brings versatile kinds of jazz, mixing it all at the most pleasant summer venue.

Russkii Stil. Usadba. Jazz (June, 2 days) - presented by Russkii Stil tobacco in the Moscow region; it is a fusion open-air event with several stages getting the most out of the beautiful location rather than of jazz and jazz-affiliated Russian acts.

Efes Pilsner Blues Festival (autumn, spread out by time in different cities) - arranged by Silence Pro under the brand of Efes Pilsner beer; invites international acts and encompasses Moscow, St. Petersburg, Yekaterinburg and Rostov-on-Don.

8.3.3 Ethno-music festivals

Ethnolife (August, 3-4 days) - arranged by a group of enthusiasts in the Moscow region; it is the biggest open-air event involving different kinds of leisure, active sports and ethnic education activities.

8.3.4 Electronica & Dance festivals

NokiaLab (schedule shifts, spread out over time in different cities) - sponsored by Nokia; it is positioned as the most innovative electronic music festival. In 2005, the festival was first held in Moscow and also in St. Petersburg and Yekaterinburg. The quality of the festival changes considerably with the change of promoters.

Forty/ FortDance (July, 2 days) - arranged by Zeppelin Pro at sea forts outside St. Petersburg; it is the major dance event in Russia, bringing up to 25-30.000 clubbers. Along with house and techno stars from Russia and abroad, live acts (e.g. Mylo) are signed.

StereoLeto (July, 3-4 days) - arranged by Light Music in St. Petersburg at Teatrna Fontanke and other venues; invites intellectual European acts, mostly of electronic origin to entertain the educated crowd.

Vostochny udar + May Day (time varies, one day) - arranged by ContrForce in St. Petersburg at Yubileyny Sports Palace and other arena venues; focuses on Russian DJing and keeps up the glory of St. Petersburg as the rave and techno capital of Russia.

REGGAEstracia DUBra v prosTRANCEtve (July, 2 days) - arranged by a group of enthusiasts in the Moscow region; it is a typical informal summer open-air event with stable traditions, a mostly national line-up, and the title speaking for itself.

8.3.5 Club festivals

This category is vast and the most unstable, however, there are several permanent outstanding events.

Chinese Pilot Jao Da's open-air festivals (summer, 1-2 days) - arranged by the club; the name changes every year ('Na ulitse', 'Dudki', 'Tantsy') keeping their eye on street orchestras and musicians, international bards, etc. from all over the world; exactly as in the club itself.

Avant (May, 2-3 days) - arranged by 35mm at its premises; focuses on indie-rock and pop novelties; inviting such acts as Jamie Lidell, Xiu Xiu, Hood and slowly growing up to a Russian mini-version of Sonar fest.

8.4 Companies and Agencies Involved in Organising Music Events

Normally, it is not anticipated ticket sales but the sponsor's budget that makes a gig by foreign acts possible.

Budgets from mobile/telecommunication and technical brands are important, but first and foremost it is tobacco and alcohol brands that are literally the patron saint of club concerts in Moscow and St. Petersburg. Even to a greater extent this refers to club dance events. However, the cultural value of these events can often be questioned. Being gradually ousted from ATL (advertisement sector), tobacco and alcohol brands (via marketing agencies) make considerable BTL (investments into club activities).

Transmark, IQ Marketing, BrandNew Momentum are one of the most active agencies coordinating the flow of BTL budgets in Moscow.

Chesterfield, Mild Seven, Parliament, Gauloises, Martini, Miller and Tuborg are the most active brands investing into club events for promotion.

Policies vary according to the target audience, BTL-budgets and promotion methods. For example, the Parliament used to support jazz concerts (predominantly in *Le Club*) and even held its own Parliament Jazz Festival. The scheme was later copied by Russkii Stil tobacco that nowadays sponsors its own jazz festival.

Mild Seven has been running its series Sensation Seven since the early 2000s, maintaining beautifully decorated parties with easy listening foreign acts and DJs.

Miller heavily invests into all kinds of dance events, being obviously overrepresented.

Chesterfield has no clear concept of its affiliations but invests in foreign rock and electronic gigs oriented towards a young crowd.

The presence of these budgets positively impacts the club scene and lets promoters book talented but otherwise commercially risky acts. At the same time, the choice of the acts is dependent on marketing managers' flexibility and perceptiveness.

Most of the budgets are naturally planned and leased in Moscow, but brand representatives in St. Petersburg have a right to make their choice locally if they see it useful to associate themselves with a certain event.

Event management agencies operating in the capitals specialise in arranging private and corporate parties for companies and individuals. This relatively new trend turned out to bring considerable profits in an utterly capitalised Russian society. Event Factory and Osen are the most efficient agencies in Moscow, possessing voluminous databases and organising all kinds of events both in Moscow and abroad. The peak season for corporate parties is December, when every company celebrates New Year's. The record was set in 2004 when Kylie Minogue performed on Christmas day in the prestigious Rossiya hall for an oil company's senior staff.

9. European National Promotional Institutions (Local Offices)

Most of European governmental and non-governmental cultural institutions have their offices in Moscow. Some such as the British Council, German Goethe-Institute or French Music Export Office, also develop an extensive network in the regions. Forms of affiliation and cooperation with consulates and embassies vary. For example, the French Music Export Office has its own representatives in Moscow closely collaborating with the French embassy; the Hungarian Cultural Centre follows the same scheme while the Culture department of the Finnish embassy performs the function of a national cultural centre itself. Up until 2005, these European cultural institutions have been the most efficient in the music sphere in Russia.

Whatever the business mode is, it is hard to overestimate the importance of cultural centres' activities for promotion of national music. The French manage to uphold the leadership of music from France among the foreign performers and develop regional contacts. Le Jazz French festival, first held in 2005 at the spacious Apelsin club, which encompasses different sub-genres, illustrates efficient trend-setting.

Since 2003, the Finns have held the Independence Night festival on the date of the national holiday in December. In collaboration with B2 club for one night they fill the spacious multi-storeyed venue with the most vanguard acts, inevitably causing a wave of positive response in the media and forming an image of Finnish culture.

In order to prove the importance of cultural institutions' activity in Russia, it is worth comparing the boom around the French and Finnish scenes with the lack of awareness regarding neighbouring Spanish or Swedish music. The promotional activity of the appropriate national institutions in Moscow is hardly noticeable. Accordingly, the image of modern Swedish music in the Russian mentality has not changed much since ABBA; while Spain remains *terra incognita*.

10. Unofficial Subcultures

Unofficial subcultures often act both as local customers and voluntary supporters. For gigs of sub-cultural idols (e.g. metal Nightwish, synth-pop Camouflage, dub Zion Train or numerous Celtic bands) ticket sales are nearly as important or an even more important part of the budget than sponsor support. Of course, this is explained by the utmost loyalty of the target audience.

Nearly every metal subgenre may be an outcast for sponsors but the subculture is widespread through the whole country. Celtic and quasi-Celtic music is especially popular in Moscow. Moscow is also peculiar for the phenomenon of a very active synth-pop subculture separated within the frames of the gothic stage. Techno and drum'n'bass gather bigger audiences in St. Petersburg.
Most of the potential volunteers and target independent media are easily found on the Russian Internet: www.ska.ru, www.gothic.ru, www.jungle.ru, www.synth.ru, etc.

11. Russian Media System: Consumption Traditions and Modes

Since the mid-90s, the hierarchy of media in Russia on a nationwide scale has been stable:

a) Television
b) Radio
c) Newspapers (for music promotion, magazines take 3rd place)

Since the 19th century, the leading type of media was not daily newspapers as in Europe but magazines, which are often printed abroad and imported into the country. Since the fall of the Soviet Union, daily papers have suffered considerably from the economic crisis and never regained their circulations. The development of the Russian Internet predicts the appearance of a new rival.

The problem of access to new media remains crucial outside Moscow and St. Petersburg. Most of the Internet users are still using dial-up connections, which along with the poor quality of telephone lines, hampers Internet users. In 2004, the number of mobile phone subscribers grew to 59,2 million, representing a growth of 60% compared to the previous year. At the same time, 180 million ring tones were officially downloaded (according to the Economic Mission of the French Embassy in Moscow).

The contents of the Internet and mobile media communication are virtually unregulated by the Russian legislative system. Consequently, the gap turns them into a potential underground base for freedom of speech.

The geographical amplitude of media consumption presupposes the utmost centralisation of the printed media in Moscow. There is no national newspaper or magazine that would be published outside the capital. St. Petersburg maintains diverse printed media and radio landscapes that locally serve its own population.

The system of gap timeslots for short local broadcasts and advertisement blocks is most typical for regional audiovisual broadcasting, both for state-owned and commercial media. Even when local audiovisual media happen to have their own frequency or broadcast via the cable network, they inevitably lose by quality to rivals transmitting 'Moscow + local gap timeslots'. The Russian media system as a whole remains centralised.

11.1 State Sector Television

Television remains the most influential media in Russia reaching 98-99% of its vast territory. Russia does not have public television in a Western sense of the meaning; the system of license payment was never introduced. State-owned channels partially fulfil the functions of public channels. There are three national chanels and one Moscow channel controlled by the state. The reach of these channels (except local TV Centre) varies at 70-90%:

- Channel One (Pervy kanal)
- Rossiya (maintained by VGTRK state company)
- Kultura (maintained by VGTRK state company, focusing on non-commercial culture)
- TV Centre (Moscow city administration channel – in St. Petersburg there is a similar local state channel)

Product-wise, Channel One traditionally lobbies the artists presented by the Russian Media Group. In the late 90s, the triangle Channel One/Real Records/Nashe Radio functioned successfully; all of these were controlled by the tycoon Boris Berezovsky.

Even after his emigration, the model of lobbying and links to allied record labels/radio stations remained. A conflict was witnessed in 2004 in the television industry: ARS Holding (traditionally controlling pop-segment and Star Factory show at Channel One) was literally moved out from the channel by a new block involving Russian Media Group, the labels Real Records, Nox and Viktor Drobysh's producing centre (MTV-Russia later joined the First Channel block as a minor broadcaster.) For the audience this change meant wiping the most famous pop-show Song of the Year (*Pesnia goda*) off the air and an information blockade of the New Wave/Novaya Volna contest (Channel One kept the broadcasting rights for it and never sent any report on the air). Both the show and the festival had been produced by ARS.

The quality of pop-production lobbied by various groups does not vary significantly but the principle of lobbying as it is remains crucial for Russian television.

11.2 Private Sector Television

The most important private broadcasters are as follows, reaching 30-80% of the population:

- STS (the 3rd biggest in the country, after state Channel One and Rossiya, focusing purely on entertainment)
- NTV (previously the 3rd, now the 4th biggest in the country; Nowadays it is the most objective news/analytics and has the best cultural programmes after state Kultura)
- TNT
- Ren-TV

Local cable network television exists in Russia but serves exclusively small districts and does not produce any noteworthy programs.

The national music channels are Muz-TV (controlled by ARS holding) and MTV-Russia, with both focusing primarily on Russian pop. Until recently, Russian artists and producers openly paid Muz-TV for rotation of their videos. This has not influenced the foreign video presence on the channel but lowered the overall quality of the Muz-TV's production. Due to the lack of music events in St. Petersburg, MTV-Russia's St. Petersburg office is also very helpful for covering and promoting tours and concerts in the city.

Access to international channels via satellite equipment is sold in 'packages' by NTV+, Cosmos TV and Komkor TV.

MAJOR TELEVISION CHANNELS IN RUSSIA (TNS GALLUP MEDIA, JUNE 2004)[21]

Name	Reach	Daily Audience, %	Comment
Channel One/ Pervy Kanal (www.1tv.ru)	98-99% of Russia	25,7	Over 120 hrs of music programming per month
Rossiya (www.rutv.ru)	90% of Russia	16,9	Coordinates local state broadcasting companies in 89 regions
Kultura (www.tvkultura.ru)	European territory of Russia (47% of population)	2,3	Over 30 hrs of music programming per month; academic music mainly
NTV (www.ntv.ru)	81% of Russia	12,1	Over 50 hrs of music programming per month
TNT (www.tnt-tv.ru)	65 out of 89 regions of Russia	7,1	Strong regional contacts with private TV sector. Over 10 hrs of hrs of music programming per month
STS	36 out of 89	10,1	Strong regional contacts

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(www.ctc-tv.ru)	regions of Russia		with private TV sector (231 partner in total). Over 25 hrs of music programming per month
Ren TV (www.ren-tv.com)	30% of Russia	5,7	Over 30 hrs of music programming per month
TV Centre (www.tvc.ru)	30% of Russia	2,8	Over 120 hrs of music programming per month
MTV-Russia (www.mtv.ru)	272 cities in Russia	1,47	60% of Russian vs. 40 % of international repertoire. Over 600 hrs of music programming per month
Muz-TV (www.muz-tv.ru)	'National coverage'	1,14	70% of Russian vs. 30% of international repertoire. Over 235 hrs of music programming per month

11.3 State Sector Radio

Two types of radio receivers were the most widespread in the USSR: one was preset at the major state channel while the other was a 3-channel receiver offering a choice of state programs. Within 20 years the situation has changed radically. The state-radio channels still reach most of the national territory but mostly focus on pensioners in the provinces, i.e. the least important consumption category for the music business. The gap timeslots model is typical for regional sub-broadcasters of Radio Rossii as for local TV companies operating under the umbrella of VGTRK (Russian State Television and Radio Company).

- Radio Rossii – maintained by the state company VGTRK. Similar in fashion to Rossiya TV channel; Coordinates local state broadcasting companies in 89 regions
- Mayak – information and music channel
- Kultura – newly developed structure; similar to TV Kultura

11.4 Private Sector Radio

According to *Comcon* (the Official Representative of Research International in Russia) sociologists, 70,7% of the audience in Moscow listens to the radio at home; 11,4% in the office; 20,1% in the car.

Genre preferences, by *Comcon*, show that *estrada* (Soviet variety pop of the 60s-80s) is the most popular music format in Russia; contemporary Russian pop ranking 2nd; Russian *chanson* 3rd, contemporary Western pop at #4; and Western pop from the 60-80s at #5.

The *Comcon* research shows slightly different priorities in Moscow, with Western pop from 60s-80s being #3 and with the presence of jazz, blues and Latin American production, whose shares are negligible on the national scale.

Russia has no national radio chart. 'Gap time-slotting' is as typical for the regional branches of major private radio networks as for the state-owned, thus leaving no chance for covering the local scene on the air. The existing local broadcasters are normally too weak to compete in trendsetting with local branches of Moscow radio stations.

PREMIYA RECORD, RADIOHIT OF THE YEAR, LOCAL AND INTERNATIONAL REPERTOIRE, BY YEAR[22]

Year	Local/Int	Artist	Title
2005	Local	Korni (pop) Valery Meladze/VIA Gra (pop) Yu-Piter (rock)	Vika Prityazhenya bolshe net Devushka po gorodu
	Inter-national	Maroon 5 O-Zone Benni Benassi	This Love Dragostea Din Tei Hit My Heart
2004	Local	**Valeria (pop)** Katia Lel (pop) Spleen (rock)	**Chasiki** Doletai Novye Lyudi
	Inter-national	**Blue/Elton John** In-Grid Craig David/Sting	**Sorry Seems to Be…** In Tango Rise and Fall
2003	Local	**Blestyaschie (pop)** Hi-Fi (pop) Bi-2/Chicherina (rock)	**Za chetyre morya** A my lyubili Moi rock-n-roll
	Inter-national	**In-Grid** Las Ketchup Shakira	**Tue es foutu** Asereje Whenever, Wherever
2002	Local	**Spleen (rock)** Christina Orbakaite (pop) Chai vdvoem (pop)	**Moe serdce** Moi mir Laskovaya moya
	Inter-national	**Robbie Williams** Eros Ramazzotti/Cher Dido	**Supreme** Piu che puoi Thank You

[22] Nominees only for 2005, winners tbc by the end of the year

NATIONAL AUDIENCE OF THE PRINCIPAL STATE AND COMMERCIAL STATIONS, SEPTEMBER-NOVEMBER 2004 (TNS GALLUP MEDIA)[23]

#	Name	National Audience, %	In Moscow, %	In St. Petersburg, %
1	Russkoe Radio (www.rusradio.ru)	17,5	9,6	9,8
2	Europa + (www.europaplus.ru)	16,2	5,6	9,8
3	Radio Rossii (www.radiorus.ru)	14,9	8,2	10,1
4	Mayak (www.radiomayak.ru)	10,5	6,0	4,2
5	Radio Chanson (www.chanson.ru)	10,0	5,8	---
6	Avtoradio (www.avtoradio.ru)	8,4	5,6	4,5
7	Dinamit FM (www.dinamitfm.ru)	8,0	3,8	5,7
8	Nashe Radio (www.nashe.ru)	3,6	3,6	4,9
9	Maximum (www.maximum.ru)	3,0	2,6	3,8
10	Hit FM (www.hitfm.ru)	3,0	1,8	5,3
11	Radio 7 (www.radio7.ru)	2,8	3,7	---
12	Echo Moskvy (www.echo.msk.ru)	2,3	5,7	3,2

Nine out of the 12 stations presented in the chart are purely music-oriented (except Radio Rossii, Mayak and Echo Moskvy). Three out of 12 are incorporated into the Russian Media Group (Russkoe Radio, Dinamit FM, Maximum). Most music radio stations hold annual festivals, galas or award ceremonies.

Russkoe Radio – founded in 1995. Format - CHR (Contemporary Hit Record), 100% Russian, focusing on pop production. The only methods for a foreign artist to get a song aired are releasing it in Russian or recording a duo with a Russian act (e.g. French Nilda Fernandez and Boris Moiseev). Broadcasts to 700 cities in Russia and the CIS. Average advertising tariff for a 30 second spot in late 2003 - $465.

Europa+ - founded in 1990 as a branch of Europe Plus France, being the first independent music station in USSR. Europe Plus France still owns 54% of the equity. Format - AC (Adult Contemporary)/CHR. Broadcasts to 700 cities in Russia and the CIS. Average advertising tariff for a 30 second spot - $490.

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Radio Rossii – national state broadcaster. Average advertising tariff for a 30 second spot - $212.

Mayak – national state broadcaster, founded in 1964. Format – Soviet and Western retro/Classics (daytime), jazz classics (nighttime). Broadcasts to 1015 cities. Average advertising tariff for a 30 second spot - $164.

Radio Chanson – format: Russian *chanson*/retro/bard music. The majority of the audience is male. Broadcasts to 30 cities. Average advertising tariff for a 30 second spot - $400.

Avtoradio – targets professional and amateur drivers. Format – Russian and Western *chanson*/retro/bard music with slight proportion of AC. Introduces and arranges annual Diskoteka 80s festival in the capitals inviting veteran pop acts such as Liz Mitchell (Boney M), C.C.Catch, Al Bano, Fancy, etc. The majority of the audience is male. Broadcasts to 60 cities. Average advertising tariff for a 30 second spot - $290.

Dinamit FM – format: Russian and international CHR/dance-pop with a night shift to club dance music. The majority of its audience is below 30 years old. Broadcasts to 172 cities, particularly strong in St. Petersburg. Average advertising tariff for a 30 second spot - $330.

Nashe Radio/ Our Radio – founded in 1998. Format - rock, 100% Russian. The only methods for a foreign artist to get a song aired are releasing it in Russian or recording a duo with a Russian act (e.g., German U.D.O and Aria). The majority of the audience is below 30 years. Arranges the biggest annual Russian rock festival Nashestvie. Broadcasts to 179 cities in Russia and the CIS. Average advertising tariff for a 30 second spot - $193.

Radio Maximum – founded in 1993. Format – CHR, focusing on Western and Russian Westernised pop-rock production. Broadcasts to 25 cities in Russia. Particularly strong in St. Petersburg. Average advertising tariff for a 30 second spot - $125.

Hit FM – format: CHR, focusing on Russian (60%) and Western (40%) pop. Broadcasts to 197 cities in Russia and the CIS. Average advertising tariff for a 30 second spot - $290.

Radio 7 – format: Western and Russian retro/Classics, focusing on Western pop of the 80s. The majority of the audience belongs to 31-50 age group. No data on broadcast range and advertising tariffs.

Echo Moskvy/Echo of Moscow – founded in 1990. The only independent radio station in Russia primarily oriented at news, politics, economics, widely introducing discussion modes and recruiting opposition TV journalists banned from the TV air. The majority of the audience belongs to the 31-60+ age group. Night programming involves vanguard and innovative music, with discussions, guests in the studio, etc. Average advertising tariff for a 30 second spot - $211.

Other important radio stations (Moscow) include:

Radio Monte Carlo www.montecarlo.ru - incorporated into Russian Media Group. Format – AC/CHR, 100% Western. Average advertising tariff for a 30 second spot - $200.

Love Radio www.loveradio.ru - incorporated into ARS holding, broadcasts in Moscow and St. Petersburg. Format – CHR, Russian and Western. The majority of its audience is female. Average advertising tariff for a 30 second spot - $211.

Russkoe radio-2 - incorporated into the Russian Media Group. Format – Russian *chanson*/Retro/Bard music. The majority of the audience is male, belongs to the 31-50 age group. Average advertising tariff for a 30 second spot - $125.

Serebryany Dozhd/Silver Rain www.silver.ru - maintains an innovative and eccentric policy of combining Western and Russian retro, music of the eighties, jazz with intellectual discussions and programs. Arranges annual Silver Galosch awards ceremony for the most doubtful achievements in showbiz. The majority of its audience belongs to the 31-50s age group, mostly well educated. Like Echo Moskvy, its most loyal base of supporters are the Moscow intelligentsia. Average advertising tariff for a 30 second spot - $260.

11.5 Newspapers

Daily newspapers (published 6-7 times a week) remain the weak link in the Russian media system, especially outside the capitals. The reasons are high costs of subscriptions, unreliable and inefficient distribution and a lack of historic tradition. The position of weekly papers (not demanding especially accurate postage/distribution) is higher in the provinces.

In order to gain more advertisers, Russian newspapers and magazines naturally embellish their own circulation figures. Gaps in legislation make it practically impossible to check the real circulation.

Unlike the audiovisual media sector, the Russian press is more localised. In practice it means both upholding and developing local newspapers and maintaining national networks, which combine local texts with the flow from the Moscow office. The dailies Moskovsky Komsomolets, Komsomolskaya Pravda and Argumenty I Fakty own the most efficient networks of the regional editions.

As in every sphere of the music business, establishing personal contacts with leading journalists that shape public opinion is of paramount importance.

MAJOR DAILY NEWSPAPERS, BY CIRCULATION:

- **Moskovsky Komsomolets** (MK) www.mk.ru, circulation – 2.239.548; 5 pages on culture
- **Komsomolskaya Pravda** (KP) www.kp.ru, circulation – 750.000 weekdays, 2.827.000 per Saturday issue; 2 pages on culture
- **Trud** www.trud.ru, circulation – 612.850
- **Rossiiskaya Gazeta** www.rg.ru, circulation – 373.036; 1 page on culture
- **Izvestia** www.izvestia.ru, circulation – 234.500; 2 pages on culture
- **Kommersant** www.kommersant.ru, circulation – 77.128; 1 page on culture every day + 5 pages in Friday supplement Kommersant-Weekend
- **Gazeta** www.gzt.ru, circulation – 72.600; 1-3 pages on culture
- **Vedomosti** www.vedomosti.ru, circulation – 66.700
- **Vremia novostei** www.vremya.ru, circulation – 51.000; 1 page on culture
- **Nezavisimaya Gazeta** www.ng.ru , circulation – 35.716

Russia has no clear quality/yellow press segment. Izvestia, Kommersant (incl. Kommersant-Weekend), Gazeta and Vedomosti would be the most important quality newspapers to promote music events and productions. Moskovsky Komsomolets and Komsomolskaya Pravda balance between quality and yellow press and would be accordingly important in this category.

The English-language daily Moscow Times (St. Petersburg Times in St. Petersburg) with a circulation of 35.000 is marked with good journalistic quality and actively covers cultural events, noteworthy for expats (e.g. foreign artists' activities). The weekly supplement on culture follows this trend as well. Part of the circulation is distributed for free in hotel, restaurant, club and cinema chains.

Weekly supplements of daily papers exclusively covering culture are of special interest for music business professionals. These supplements are the most important weeklies focused on promotion. None of the major independent weeklies (except Argumenty I Fakty mentioned in the Guinness Book of Records for having a circulation exceeding 50 million in the 1980s) are of equal importance for music promotion.

MAJOR WEEKLY NEWSPAPERS, BY CIRCULATION:

- **Argumenty I Fakty** (AiF) www.aif.ru, circulation – 2.985.000, 3-4 pages on culture
- **Novaya Gazeta** www.novayagazeta.ru, circulation – 128.720; 1 page on culture
- **Itogi** www.itogi.ru, circulation – 85.000; 2 pages on culture
- **Moskovskie Novosti** www.mn.ru, circulation – 63.700; 2 pages on culture (has an English-language version)

The English-language weekly Element with a circulation of 20.000 is an entertainment guide on Moscow and is distributed for free in hotel, restaurant, club and cinema chains.

11.6 Magazines (Excluding Specialised Media)

Magazines have traditionally acted as trendsetters in Russia and the Soviet Union, shaping public opinion and influencing consumption. The well-adopted Western trend of glossy publications was surprisingly well-combined with the national tradition of literary magazines. The irony of Russian magazines is that some of them are a hybrid of Dostoevsky with the Yellow Pages. However, in the case of music productions and events promotion, it is impossible to ignore the role of magazines.

MAJOR WEEKLIES AND BIWEEKLIES:

- **Afisha** www.afisha.ru, biweekly, circulation – 94.300 in Moscow and 35.000 in St. Petersburg; 12-30 pages on music. Founded in 1999, the entertainment guide followed the format and style of Time Out London: extensive, ironic announces and detailed listings. The owners of the Time Out brand, however, did not buy the magazine. Afisha was the first glossy magazine in the country to draw a line between marketing and editorial segments. The text in Afisha can never be bought, the magazine does not follow but rather introduces trends – turning into a powerful opinion maker for an educated audience aged 20-35. Since 2004 Afisha organises the annual Afisha Picnic – Europeanised city holiday with music, stand-up comedy, screenings, contemporary circus, etc.

- **Vash Dosug/Your Leisure** www.vashdosug.ru, weekly, circulation – 50.000; 20-25 pages on music. An heir to Soviet entertainment guides style-wise. The model is similar to Afisha: extensive announces and listings. Vash Dosug and Afisha successfully share the audience, though they are not rivals. Vash Dosug serves an older audience aged 30-60, more conservative, the majority of whom are female. The magazine focuses on more traditional events and openly publishes many advertorial materials. The publication traditionally beats its smaller similar rivals – Gde and Dosug I Razvlecheniya.

- **Time Out** www.timeout.ru, weekly, circulation – 50.000 in Moscow, 25.000 in St. Petersburg; 8-25 pages on music. Founded in 2004 simultaneously in St. Petersburg and Moscow, it gathered professional teams of journalists and held vast marketing campaigns though it has not yet found its niche in between Afisha and Vash Dosug. Amazingly the analogue of Time Out London in Russia is not Time Out Moscow/St. Petersburg – it is Afisha.

- **Ne spat!**, biweekly, circulation – 30.000; 30-40 pages on music. Since the 90s this free publication remains the most extensive club guide, publishing features, short comments and listings.

- **Bolshoy Gorod/Big City**, www.bgorod.ru, biweekly, circulation – 20.000; 1 page on music. Founded in 2002 by Afisha Industries, a free city magazine specialises on the non-political life of the city, providing good examples of columnism.

Due to the long production period, major monthlies are more useful for record rather than gig promotion: Vogue (150.000), Jalouse (www.jalouse.ru, 70.000), GQ (www.gq.ru, 90.000), Playboy (105.000), Elle (220.000), Cosmopolitan (www.cosmo.ru, 384.000), L'Officiel (100.000), FHM (80.000), Esquire (50.000) follow schemes of the original Western publications. OM (www.om.ru, 72.000) is a good example of a Russian glossy regardless of the fact that the publication has lost its cult status in late 90s.

English-language Go! (www.go-magazine.ru, 50.000) is the only detailed monthly entertainment guide. The magazine can also be recommended both for expats and tourists as the best guide in English.

It is recommended to first establish contact with the editors at least a month before the event (in the case of bi-weeklies and weeklies) and 1,5-2 months (with monthlies).

11.7 Music Magazines

There are rather few music publications even when taking fanzines into consideration. Record labels and promoters rarely invest into buying advertisement, instead they prefer barter schemes. Accordingly, few specialised Western publications operate in Russia. NME Russia was closed in 2003 and Q Russia pilot issue (ready for launch the same year) never made it into print.

Rolling Stone Russia (71.000), monthly, founded in 2004 is a professional local version of the American publication, combining translated and locally written texts.

Play (www.openmusic.ru, 50.000), monthly/bimonthly, focuses purely on CD, DVD and video reviews, predominantly in the music sphere. In every issue the magazine publishes over 200 reviews on foreign and Russian records. Play encloses its brand CD-compilation into every issue, every month offering a new concept. For a Russian speaker, Play is the best means to understand what is going on in Russian music and how Russian critics react to Western music.

Russian Music Ezhegodnik, published by InterMedia agency, annually offers professional music business statistics and analysis, full label catalogues and an extensive (though not permanently updated) contact database.

Other more or less significant publications include Classic Rock (50.000; monthly), Fuzz (35.000; monthly), DJ Kultura (18.000; bi-monthly), Music Box (10.000; quarterly) and 2M (5.000; bi-monthly).

11.8 The Internet

The Russian Duma has made attempts to set regulations controlling media activities with the Internet, but so far it remains poorly-controlled territory. Its importance as a cultural trendsetter, however, shall not be overestimated. In spite of fast growth in the mid-2000s, the level of access to the Internet stays considerably lower than in the West. Along with that, skills in English and the experience of an average Russian in using NCT leave much to be desired. The problem of access and computer literacy widens the gap between different strata of Russian society. Young educated professionals and students maintain vast networks of blogs. A good example is www.livejournal.ru, which is the best sample of utterly individualised amateur net media.

Other useful internet sources are:

- www.gazeta.ru and www.lenta.ru are the most important news and analytic net media of general profile, also writing about culture and music.
- www.zvuki.ru is a specialised music resource, encompassing all subgenres of music journalism and hosting an impressive artist database. The resource runs its own library of record samples being a factor of irritation for some professionals. Formal agreements with labels are signed but many copyright owners are dissatisfied with www.zvuki.ru.
- www.Afisha.ru is the net version of Afisha magazine and the most extensive entertainment guide in the Russian internet.
- www.parter.ru and www.kontramarka.ru are online ticket retailers, sometimes also arranging gigs on their own.
- www.44100.com, www.mixtura.org, www.dj.ru, www.nightparty.ru are the most vivid representatives of club net fanzines.

III. FINANCIAL ISSUES

Every company setting a representative office in Russia is supposed to get registered with local tax authorities. Accreditation span is 30 days after official accreditation. Submitting accounting reports is compulsory. Accreditation and tax registration are separate procedures irrespective of whether the company has taxable income.

Rates of VAT in Russia vary between 0%, 10% and 18%; the latter being the general tax rate. The 0% tax benefit applies, e.g. for certain exported goods and presupposes obtaining supportive documents. The rate of 10% might be important for music business professionals only in correlation with music press; otherwise it acts for goods for children and certain medical equipment.

Banking operations and insurance are exempt from VAT. Small Russian businesses can obtain simplified accounting system in the local tax office and become exempt from VAT in case of a fixed insignificant turnover. Tax exemptions regarding foreign organisations acting in Russia exist but are exceptional. The leasing of premises by foreign organisations accredited in Russia is exempted from VAT on the reciprocal principle. In the case of foreign legal entities that are not registered with tax authorities, VAT payments for sale of goods, works and services by these organisations shall be withheld by tax agents. In other cases, turnovers from the sale of goods and services in Russia as well as goods imported to Russia shall be included in the tax base for VAT.

Both foreign and Russian companies that conduct their business activity on the base of the so-called permanent establishment and receive profits on the Russian territory are supposed to pay profits tax. A representative office is considered a permanent establishment except the cases when it conducts subsidiary or preparatory activity of a foreign legal entity on the Russian territory.

Rates for profits tax in Russia depend on the kind of activity of a foreign legal entity, its duration and application of double tax treaties. Rates vary within the range of 10-15-20-24%. The latter is a general tax fee, 20% applies for income from foreign organisations' activity not establishing permanent establishment in Russia; 15% is appropriate for a foreign organisation that receives profit in the form of dividends while participating in a Russian legal entity; 10% tax rate applies for international transportation cases, e.g. for the income from use or lease of aircraft.

A double tax treaty with the Russian Federation that some states have presupposes two models for the legal entities incorporated in these states. First and foremost it is possible to apply for preliminary exemption from taxation. The second variant is a tax refund, which is enabled after submitting the necessary documents to tax authorities.

The most prominent feature of Unified Social Tax is that employers of foreign citizens are subject to UST on all benefits paid to such foreign citizens. This inevitably leads to cases of double taxation. UST is compulsory for every employer and the total rate is 35,6%. However, this rate may be lowered significantly according to a regression scale depending on employee's earnings.

Personal income tax applies for individuals, i.e. residents (incl. foreign citizens residing on the territory of the Russian Federation for 183 days and more) and non-residents who receive income on the territory of the Russian Federation. Rates vary within the range of 6-13-30-35%. The income tax rate for tax non-residents versus residents is considerably higher: 30% versus 13%; a 6% rate applies for the dividends; 35% for certain kinds of income. For non-residents (being citizens of the state that has double taxation treaty with the Russian Federation), it is important to get exempt from taxation by officially confirming it to Russian tax authorities.

The lease of apartments for a company's foreign employee automatically entitles him/her to pay personal income tax of 13-30% depending on his/her residence period in Russia.

Assets tax is determined by the regional legislative body of the Russian Federation. Its maximum size will not exceed 2,2%. For representative offices that do not conduct commercial activity in Russia, only real estate owned by them will be subject to assets taxation.

IV. LAWS AND REGULATIONS

1. Legislation and State Bodies Applying to Music Business

The legislative background for music business in Russia is based upon the Criminal code, Civil code, Administrative infraction code and the law on 'Copyright and Allied Rights'.

The new law on 'Licensing of certain business activities' that regulates granting licenses to data carrier producers went into effect in 2002. In 2004, amendments to the law on 'Copyright and allied rights' went into effect. This law is first and foremost designed to safeguard international back catalogue rights.

Legal restriction of foreign investments in Russia still exists *de facto*. When dealing with Russia it is crucial to understand that this is not a country where legislation is respected and thus works efficiently.

The list of organisations involved in upholding a legislative base for the music business in Russia is constantly growing and remains more impressive than the real effect of bureaucratic activities. The numerous structures listed below are in strong need of defining their functions in greater detail and working out modes of communication.

- Ministry of Culture and Mass Communication (Federal control service of legislation in mass communications and guarding cultural heritage; Federal agency of Press and Mass Communications /Rospechat; Federal agency of culture and cinematography/Roskultura)
- Ministry of Education and Science (Federal service of intellectual property, patents and trademarks)
- Ministry for Internal Affairs (Department of Economic Security)
- Ministry of Economic Development and Trade
- Ministry of Justice
- General Prosecutors' office
- Federal Customs Service
- Federal Security Service (FSB, ex-KGB)

Russia has officially signed:

- The Bern Convention
- The World convention on copyright
- The Paris convention (on industrial property)
- The Geneva convention (on protection of phonograms)
- The Madrid agreement
- The Rome convention

During the transition period, Russia also joined such European programmes as PHARE and TACIS.

In 2002, the government formed a State committee to counteract violations of intellectual property rights, with the prime minister serving as the chairman. The committee oversees amendments to legislation on copyright and allied rights. At the same time, the Ministry for the press, TV, radio broadcasting and media formed a board of experts to counteract violations of intellectual property rights. Since 2003, the ministry remains the major initiator in bringing in new issues of copyright and allied rights to a state level (The Ministry of Culture and the Ministry of the Press were recently reunited with the Ministry of Culture and Mass Communications).

The first noticeable results of state regulation in the music business were observed in 2003 with the inspections of around 30 companies possessing OD producing facilities and licensed by the Ministry for Press, TV, radio broadcasting and media. The most typical violation found was the absence of the licensee's name and a license number on the OD products. Another violation revealed was the incomplete registering of OD products (semi-legal production). Six licenses were revoked, while 15 licensees received official warnings regarding future violations. Since 2003, the State Trade Inspection intensified raids on sales points withdrawing and destroying products lacking licensee information and license numbers.

Nonetheless, the state is not always quick to react. While the sales of CDs and MCs outside stationary stores were still illegal in 2003, in 2005 thousands of illegal DVDs were openly sold in the centre of Moscow by vendors; the legislation turns out to be slow again.

2. Non-Governmental Organisations (NGOs) in Music Business

Professional structures involved in the protection of intellectual property are numerous. They include:

- IFPI (International Federation of the Phonographic Industry)
- RAO (Russian Authors Association)
- RAPO (Russian Anti-Pirate Organisation)
- ROUPI (Russian Association on Managing Rights of Performers)
- RPA (Russian Phonographic Association)
- TPP (Trade and Industry Chamber of Russian Federation)

Certain layers of companies are involved in the music business form their own unions and associations, such as:

- GRAVT (Guild on Development of Audio and Video Trade)
- NPD (Non-Commercial Partnership of Distributors)
- ROAP (Russian Authors Copyright Association)
- ROI (Russian Performers Association)
- ROSP (Russian Association of Allied Rights)
- ROMS (Russian Association of Multimedia Networks)

Most of the major and leading Russian labels united in 2002 in the NFPF (National Federation of Phonogram Producers).

The rivalry between protectionist NGOs is increasing, which illustrates both the common desire in the music market for secure guarantees, and NGOs' struggle for control. In 2005, the scheme of label affiliations with professional NGOs reflected this.

LABEL AFFILIATION WITH PROFESSIONAL STRUCTURES[24]

#	Label	Member of		
		IFPI	RPA	NFPF
1	ART Stars Studio Soyuz	+	+	
2	ARS Records			
3	BMG Russia		+	
4	Boheme Music			+
5	Eastern Express Ltd.	+		
6	Extra Media Service			
7	Familia Entertainment	+		
8	FeeLee Record Company	+		
9	Firma Melodiya		+	
10	Grammophone Records			+
11	Hunter Music		+	+
12	Irond	+		
13	L-Junction Records			
14	Mir Muzyki			+
15	Megaliner	+	+	
16	Monolit AVK		+	+
17	Moroz Music/Moroz Records			
18	Most V (Two Giraffes)	+		
19	Nada Ltd.	+		
20	NOX Music			
21	Petersburg Recording Studio	+		
22	Philipp Kirkorov Production		+	
23	Prof-Music			+
24	Quadro-Disc		+	
25	Renessans	+		
26	Real Records	+	+	+
27	Record company Nikitin			+
28	Rise-Lis'S	+	+	
29	RMG Records	+		
30	SBA/Gala Records		+	+
31	SBA Production		+	
32	Sintez Records Inc.	+	+	
33	Snegiry Music		+	
34	Sonopress TSTIM	+		
35	Sony Music Entertainment	+	+	+
36	Soyuz Music			+
37	Stil Records			+
38	Universal Music	+	+	+
39	Vista Vera Record Company	+		+
40	Velvet Music			+
41	www.records			+
	TOTAL	18	16	16

[24] IFPI

RAO (operating in the Soviet Union and Russia for 70 years) has branches in St. Petersburg, Krasnodar, Samara, Novosibirsk, Khabarovsk, Rostov-on-Don, Ekaterinburg, Volgograd and Nizhny Novgorod. Its major mission is protecting intellectual property in cases of public performance as well as mechanical reproduction, assistance with the transmission of rights and the representation of copyright holders' interests in state organs. OMS, the Service of International Relations of RAO, coordinates the participation of RAO in international professional life (incl. the TACIS program).

However, RAO has no monopoly in Russia. In 2003, authors not satisfied with the financial schemes and models in RAO founded a professional organisation ROAP (Russian Authors Copyright Association). In as early as 2004 the two rivals experienced their first conflict when the state TV and radio company VGTRK, after the expiry of its contract with RAO, did not prolong it and signed with ROAP instead. RAO took the matter to court. Later, the conflict between RAO and ROMS (a daughter company protecting authors rights in the Internet) followed with the growth of payments by ten-fold, RAO decided to control this sector itself, without ROMS. As a result ROMS became independent.

Obviously the number of professional organisations and the rivalry amongst them will keep growing. According to Russian law any newcomer will be able to legally represent authors in Russia. Each and everyone will try to influence payment flows.

IFPI has been working in Russia since 1994 when the Moscow bureau opened, focusing primarily on coordinating the anti-piracy struggle, stimulating legislation development and helping to establish an efficient system of copyright protection.

IFPI closely collaborates with NFPF which assists it in setting contacts with local professionals.

3. Travelling to Russia

3.1 Visa Requirements

The absolute majority of foreign citizens need to obtain a visa to enter Russian territory. Obtaining a visa can be time-taking and troublesome; it has to be done in advance and can almost never happen on the border legally. After the EU countries diplomatically declined president Putin’s offer of mutual visa-free regime, Russian visas remain an extra complication for artists and music business travellers on the way to Russia.

There are two ways to get the visa: go to the nearest embassy yourself or empower a travel agency.

Nearly every Russian embassy or consulate inherits the traditions of Soviet service, which neglects the client.

There is no fixed general price for a Russian visa and no fixed general issuing period either. The Russian Ministry for Foreign Affairs maintains a complicated system with separate price lists for various nationals and various periods. Much depends on the attitude of the country's embassy towards the Russians seeking a visa. For example, the Russian embassy in Finland, in spite of long lines, is relatively efficient (obtainment of the Finnish visa is easy for Russians). At the same time, French or Hungarian cultural organisations in Moscow can and will assist Russian visa obtainment for their artists while Finnish structures are not legally able to help.

In order to submit the documents the traveller is requested to fill out a simple questionnaire, attach a picture, provide valid medical insurance for the period of stay and a voucher/confirmation from the hotel (two standard sheets of paper). Extra documents may be requested for certain nationalities.

Russian Embassies and consulates are authorised to grant visas only to citizens or permanent residents of the country where documents are submitted, with exceptions possible but not guaranteed.

Artists performing in Russia are officially supposed to apply for a working visa but virtually all use tourist visas (and accordingly do not pay taxes in Russia).

The average cost of a single-entry Russian tourist visa is $50-60 from the Embassy and $100 from a travel agency. The minimum period recommended for obtaining the visa is 10 days prior to travel. The passport will be kept in the Russian Embassy for the whole period.

It is important to state in the contract or agreement that the promoter in Russia covers the full cost of visa expenses unless arranged for free by the embassy of the artist's country or a national institution.

On arrival to Russia, all foreign citizens are requested to fill in a migration card; leaving one part with border control on arrival and submitting the other on departure. All foreign citizens in Moscow are supposed to possess their passport, visa and migration card with hotel registration at all times (that refers only to Moscow). The absence of any of the documents may result in a bribe to militia (police) who are checking documents in the street; approximately 300-500 roubles per person.

3.2 Travel

The local flight network is widely developed but very centralised. Not surprisingly most or all of the connections will be in Moscow. All Russian air companies, including the national carrier Aeroflot, provide a moderate or low level of comfort on the intern lines. Starting with Aeroflot, most of the companies place special emphasis on serving business class (the gap between economy and business in Russia is incomparably bigger than, for example, in Scandinavia).

Moscow's two international airports Sheremetyevo and Domodedovo are famous for long queues. Of the two, the more modern Domodedovo (BA, Swiss, Iberia, Brussels Airlines) is considerably more efficient with the amazing absence of traffic jams on the road (minor highway) connecting it with the city. Connecting in Moscow-Sheremetyevo presupposes at least 2,5 hours between the international and domestic flights: international (2) and domestic (1) terminals are situated within a 5 minute taxi drive from each other and the shuttle connection is notoriously bad.

Trains, the most popular mode of transport in Russia, connect the country to many European states. However, only night trains from Helsinki and Riga can be recommended (being a more comfortable way of travel from these cities than flying to hectic Sheremetyevo). To pass via Belorussian territory to Russia by train, EU passport holders are supposed to obtain a Belorussian transit visa in advance, which makes this route useless. After Ukraine cancelled visas for EU passport holders in 2005, the train connection to Kiev became more important.

Nearly every long-distance train is a night train in Russia. The most typical category of compartments in a car are SV (for 2 persons, 1st class), Coupe (for 4 persons, 2nd class) and Platzkart (common car, inappropriate for touring). It is worth checking that the train is marked with an F ('Firmenny') sign; these labelling points offer better comfort. It is recommended to make sure in advance that all artists are travelling in the same compartment(s) or at least in the same cars. Most of the trains are equipped with a train restaurant or bar. It is risky to leave precious belongings unattended while leaving the compartment. The maximum luggage weight allowance per person on the Russian trains (including international trains) is 36 kilos. The price for the tickets varies depending on the class and season.

The most popular route (following the common peak in summer) is Moscow-St. Petersburg. Tickets for weekend dates and holidays should be booked in advance. The absolute majority of Moscow-St. Petersburg trains run through the night reaching the other capital in 7-9 hours. There are also 1-2 daily fast trains in the afternoon making it within 4,5-6 hours.

3.3 Hotels

Moscow and St. Petersburg lack decent 3- and 4-star hotels. The choice is split into luxurious 5-stars or shaggy Soviet-style places. Many hotels ascribe themselves more stars than their service actually corresponds to. In Moscow, Ararat Park Hyatt and Baltschug Kempinsky can be recommended at the luxury level, and Stalin Skyscraper Ukraina as a 3-star hotel. The famous Rossiya Hotel (3-stars) is the largest in Europe and faces Red Square, but obviously loses to Ukraina by comfort.

It is necessary to register your passport and migration card in the hotel; the documents will be withdrawn and returned in 1-2 hours.

3.4 Crime and Safety

Pickpockets are the only real threat (in crowded areas). It is also reasonable to avoid drunk gangs of youth and especially skinheads.

Like major European cities, Russia still suffers from terrorist attacks and suicide bombers. In order to prevent these attacks, the militia (police) keep checking the streets in Moscow. Regardless of one's nationality, everyone in Moscow is always supposed to carry a valid passport on him/her (plus a visa and migration card for foreigners). If someone is found not to be carrying his/her papers, the militia would most typically hint at paying a bribe ($10-20 per person), detain the person for a couple of hours, or forget the whole thing. The procedure is not pleasant but the militia will do no harm unless they happen to find drugs. In this case the prospect of going to Russian jail is quite real.

V. CONCLUSION

The Russian music business is a fast-growing field noteworthy for European professionals.

Regionally speaking, significant deviations between Moscow, St. Petersburg and the provinces must be observed. Russian mentality in business presupposes the interconnection of actors' functions and is mainly built upon establishing personal contacts.

Show business has traditionally dominated over record business in Russia. Piracy, which has been another traditional characteristics of the Russian music business, is diminishing within 'old' formats (CD, MC) though hitting 'new' formats not so well protected by law (CD-R, DVD). It is the distant regions of Russia that normally suffer the most from piracy.

Music consumption modes in Russia demonstrate a lack of familiarity with copyrights. Most of the music consumed is of domestic origin. However, historic connections with Europe and existing positive stereotypes of certain national European cultures stimulate consumption of Western products. Introducing new music trends presupposes adaptation to local music and often textual traditions.

The list of organisations involved in upholding legislative business is extensive though their work is not efficient enough. At the same time the number of protectionist NGOs is increasing and rivalry among them ensures better protectionist service for artists and other proprietors.

The European presence in the Russian music market is indisputably important both for European professionals and for the country itself. Taking geographic specifics, consumer tastes and the priority of short-term projects into consideration, European music industry actors have every reason to succeed in Russia.

CREDITS AND ACKNOWLEDGEMENTS

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Having lived and studied in Scandinavia, Greg Goldenzwaig also writes about tourism. His travel guides to Helsinki and Stockholm were published by Afisha.

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