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## Connected Russia: An evolving digital marketing landscape

February 14, 2014



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**Luxury Daily**

As the world's attention turns to Sochi, Russia, as the host of the 2014 Winter Olympic Games, marketers may be wondering what the mobile and digital marketing landscape looks like in this emerging market. The country has a diverse consumer base and is on the cusp of growth.

According to eMarketer, marketers in Russia have allocated nearly \$10 billion in media advertising as of December 2013, with 18 percent of that money going to digital and mobile channels.

In addition to being one of the top 10 economies of the world, based on GDP according the U.S. government data, Russia is driving Eastern Europe's financial growth and its total digital media spending is expected to record double-digit annual increases through 2015.

This new, connected Russia represents a significant opportunity for globally-minded marketers – but only for chief marketing officers who understand nuances of consumer behavior in Russia. Those can range from the locally dominant social networks they use, to the search engines and mobile devices that they employ to learn about brands.

Russia is a diverse market spanning the world's largest land mass and nine time zones.

Let us take a look at the new, connected Russia and a few implications for brands looking to implement there.

## Mobile

Led by a rise in affordable mobile phones and a rapidly developing infrastructure, connected devices are becoming far more popular among the country's 143 million citizens.

Recent regulatory change, such as mobile number portability, should boost competition and drive prices down among mobile data providers.

The result is that Russian wireless carriers saw mobile data traffic triple in 2012, and it may increase tenfold by the end of 2015.

The country's major carriers are developing fourth-generation (4G) networks to comply with the terms of licenses that were recently granted by the Russian government.

## Ecommerce

As more Russians access the Internet, the country's online sector continues to evolve.

The country is projected to be at the cusp of massive growth in ecommerce – from roughly \$12 billion today, to more than \$72 billion by 2020, based on Morgan Stanley research.

The Russian search market is dominated by Yandex, which comScore claims has 62 percent market share, making it the world's fourth largest search engine worldwide.

## Social media

Unlike Western markets, where Facebook has become a comprehensive tool for brands' social marketing needs, Russian marketers navigate among several social platforms, including the Russian social leader, VK.com.

This site offers the largest coverage and target marketing for advertisers. The follower network, odnoklassniki.ru, has older demographics and lower online time that users spent on social.

Facebook is the third largest social media site in the country.

Many Russians have accounts on two or three networks simultaneously.

User adoption is becoming more complicated as they increasingly adopt on-the-go social networking through their connected mobile devices. The adoption of Twitter, Instagram and Foursquare is still low, but is rising among young, urban participants.

## Unique market with diverse regional segments

Due to the Cyrillic alphabet and the current dominance of major local social and search sites, the Russian online market is, to a certain extent, self contained. So it is crucial for foreigners to adapt content and build relationships with the established local Internet players to succeed.

In addition to its differences from other countries in terms of its dominant Internet

companies, the Russian population has a lot of diversity in terms of income levels and online maturity.

As a result, many companies differentiate their digital strategies for particular geographies, which largely means adapting technology solutions for segments with different levels of digital maturity.

Under-penetration of broadband in many places of Russia implies the need for low-tech marketing solutions and enhances the role of mobile in connecting with consumers.

THE POTENTIAL for brands to connect with Russian consumers via digital channels is enormous.

Savvy marketers have unprecedented opportunities to create powerful brand stories and promise within the increasingly connected Russian digital arena.

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