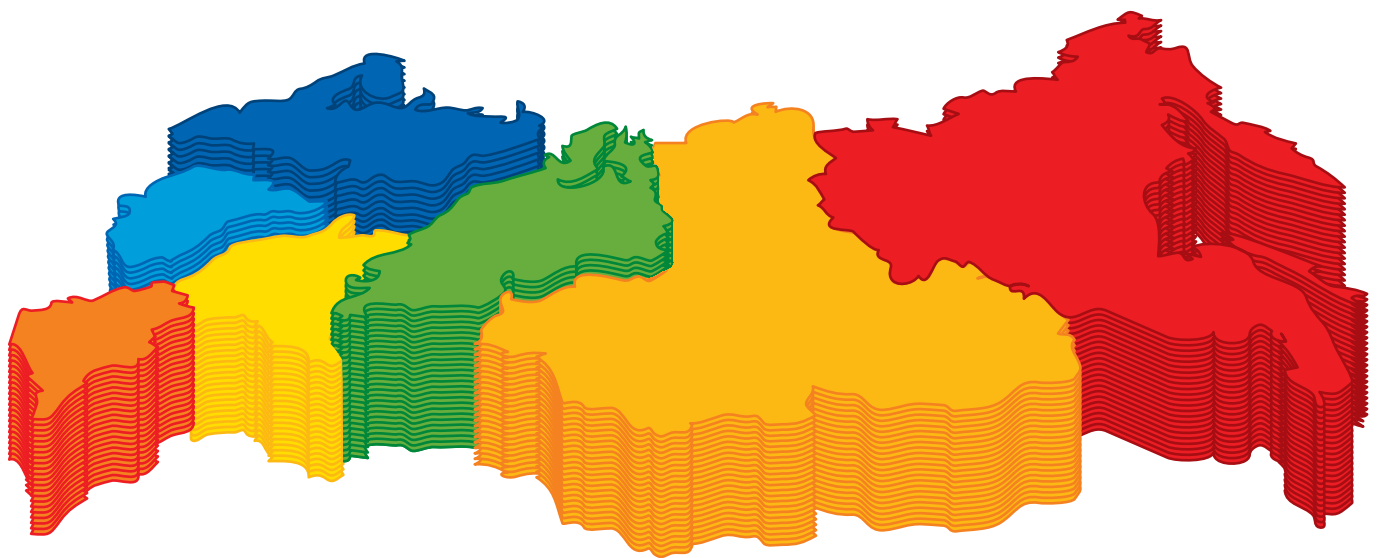


# Development of the Internet in Russia's Regions

Spring 2013



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This research uses data from the Yandex.Metrica, Yandex.News, Yandex.Spravochnik (Business Directory) and Yandex.Catalog services for January-February 2013.

Data on Russia's internet penetration rate are from the Public Opinion Fund, taking into account people over 18 years of age. Statistics for internet usage on mobile devices come from the TNS research group and cover users over 12 years of age, living in cities with a population of more than 100,000 people.

Data from the Technical Center of Internet have also been used.

## INTERNET AUDIENCE

According to Public Opinion Fund data for autumn 2012, Russia has a monthly internet audience of 61.2 million people over 18 years of age – which is more than 52% of the adult population. For the majority of users, the internet has become a regular part of everyday life. Three-quarters of users (almost 47 million people) are online daily. According to TNS data, in cities with a population of more than 100,000 people, practically all users (94%) have internet access at home – and the majority have broadband.

### GROWTH IN THE INTERNET AUDIENCE

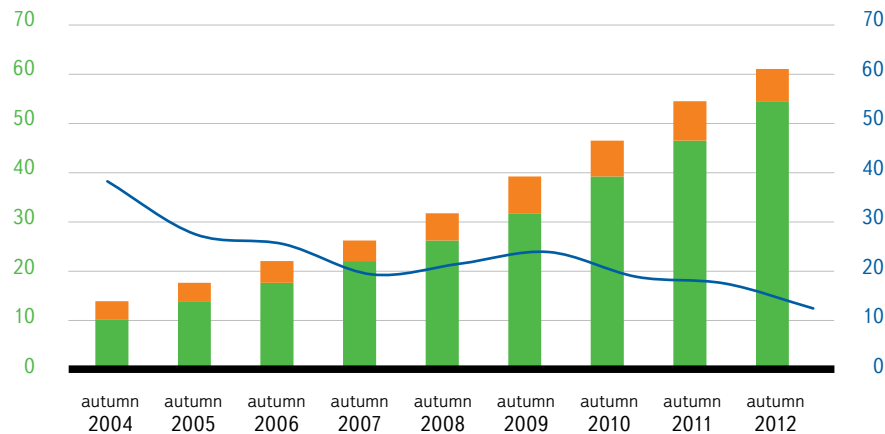
The internet audience continues to grow, but the rate of growth is slowing: from autumn 2011 through autumn 2012, it grew by 12%, compared with 17% for 2010-2011.

#### GROWTH OF THE MONTHLY INTERNET AUDIENCE

■ Growth in a year, millions of people

Users, millions of people

Yearly growth in user numbers, %

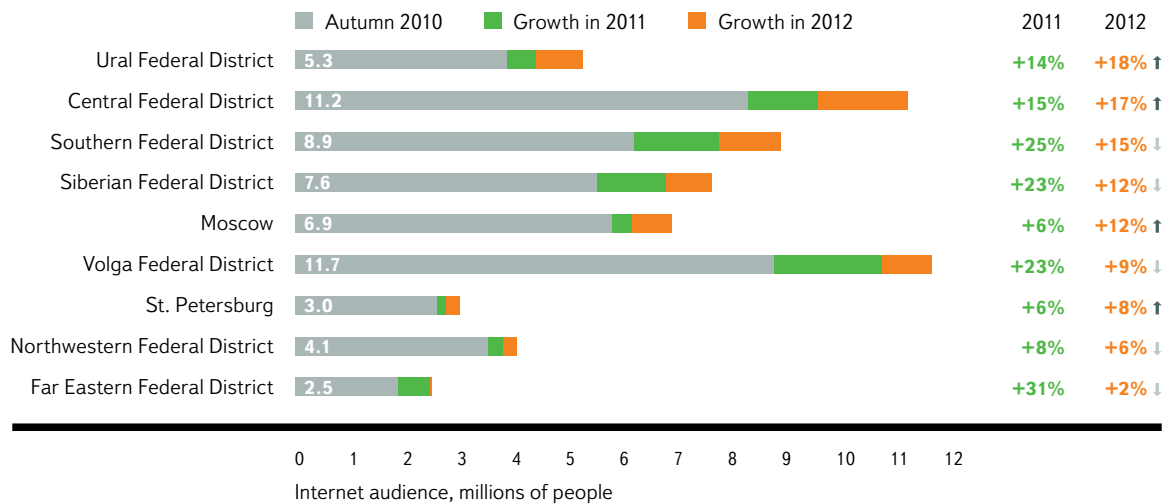


SOURCE: PUBLIC OPINION FUND, AUTUMN 2012

Of the federal districts, only two – Central and Ural<sup>1</sup> – experienced an increase in the pace of growth; in the others, it decreased. Growth slowed most of all in the Far Eastern Federal District, which had been the fastest-growing district just a year earlier. Regardless of the overall slowdown, Moscow's and St. Petersburg's growth rates increased – but this was due to enlargement of the population of the two cities, rather than growth in internet penetration (proportion of internet users among the population).

86% of new users live outside Moscow and St. Petersburg. This is slightly less than in the preceding years, when this figure was more than 90%.

## INTERNET AUDIENCE GROWTH IN RUSSIA'S REGIONS



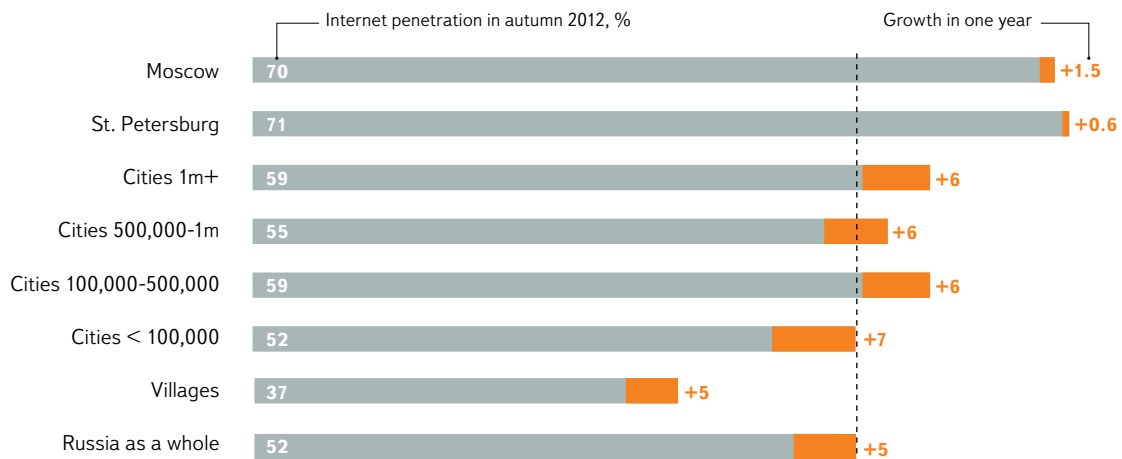
SOURCE: PUBLIC OPINION FUND, AUTUMN 2012

<sup>1</sup> THE CENTRAL FEDERAL DISTRICT'S FIGURE DOES NOT COUNT MOSCOW, AND THE NORTHWESTERN FEDERAL DISTRICT'S FIGURE DOES NOT COUNT ST. PETERSBURG – THESE TWO CITIES WERE COUNTED SEPARATELY. THE SOUTHERN FEDERAL DISTRICT WAS COUNTED TOGETHER WITH THE NORTH CAUCASUS FEDERAL DISTRICT.

## GROWTH IN INTERNET PENETRATION

Overall, internet penetration in Russia grew by 5 percentage points<sup>2</sup> in one year, reaching 52%. The lion's share of this indicator's growth was in cities with a population of less than 100,000 people – their penetration rate grew by 7 percentage points in a year, reaching the average level for Russia as a whole. As before, villages are lagging far behind, and clearly will not soon reach the nationwide average: in the last year, the internet penetration growth rate in villages slowed (5 percentage points compared with 8 percentage points in 2011). In Moscow and St. Petersburg, the internet penetration rate practically ceased to grow, remaining at a level of about 70%.

### INTERNET PENETRATION IN RESIDENTIAL LOCALITIES, %



SOURCE: PUBLIC OPINION FUND, AUTUMN 2012

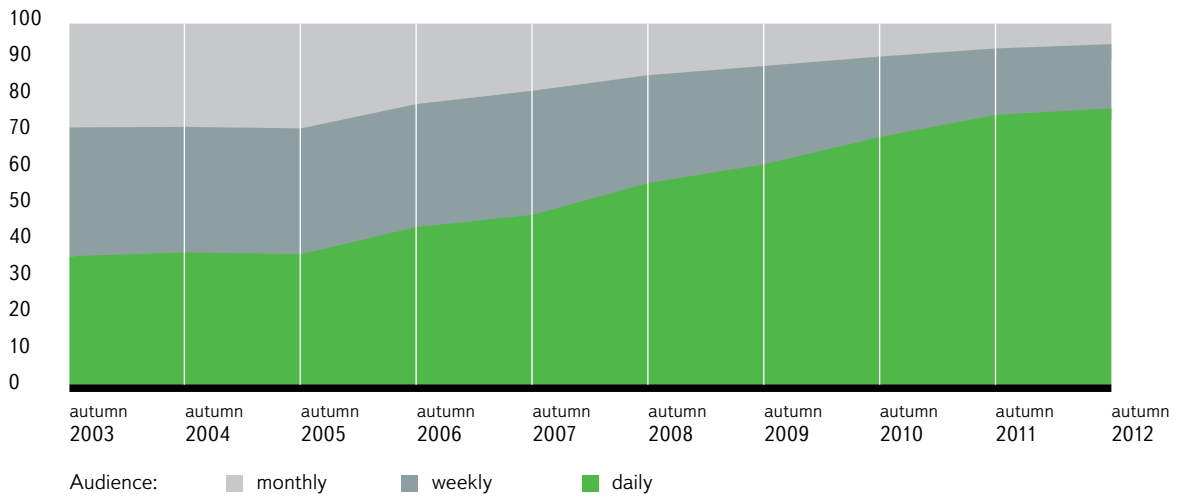
<sup>2</sup> A PERCENTAGE POINT (PP) IS THE UNIT USED TO COMPARE INDICATORS EXPRESSED IN PERCENTAGES. FOR EXAMPLE, IN 2011, INTERNET PENETRATION IN RUSSIA REACHED 47%. AND IN 2012 IT REACHED 52%. IN A YEAR, INTERNET PENETRATION GREW BY 5 PERCENTAGE POINTS (OR BY 11%).

## INTERNET AUDIENCE STRUCTURE

The proportion of users accessing the internet on a daily basis reached 77%. Growth over the year was just 2 percentage points, which is markedly less than in previous years.

### FREQUENCY OF INTERNET USE

Proportion of monthly audience, %



SOURCE: PUBLIC OPINION FUND DATA, AUTUMN 2012

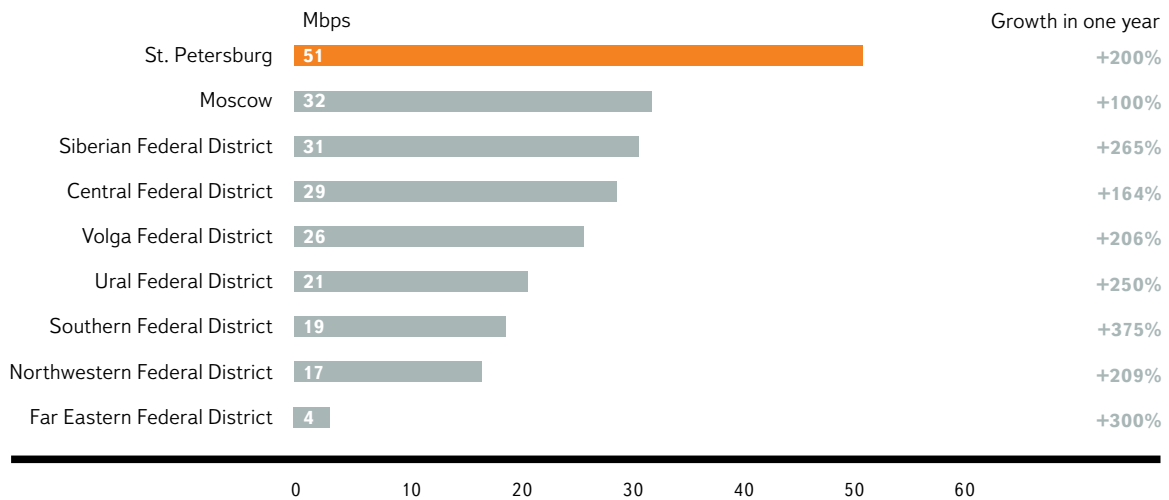
## INTERNET ACCESS

### LANDLINE BROADBAND ACCESS

Over the past year, the speed of landline broadband access significantly grew, and its price per Mbps noticeably fell — down to 26 rubles per Mbps, or 25% of its previous price, according to Yandex. However, it is likely that the majority of users did not start paying less for internet access — they probably simply got higher speeds for the same amount of money (that is, of course, if they bothered to change their tariff plan).

A significant proportion of users choose tariffs of 500-600 rubles per month. In the regions — Russia's territories outside of Moscow and Saint Petersburg — the speeds afforded by such sums grew 4.4 times, reaching 22 Mbps. In Moscow the speed doubled, and in St. Petersburg it tripled.

#### SPEED OF INTERNET ACCESS FOR MONTHLY TARIFFS OF 500-600 RUBLES

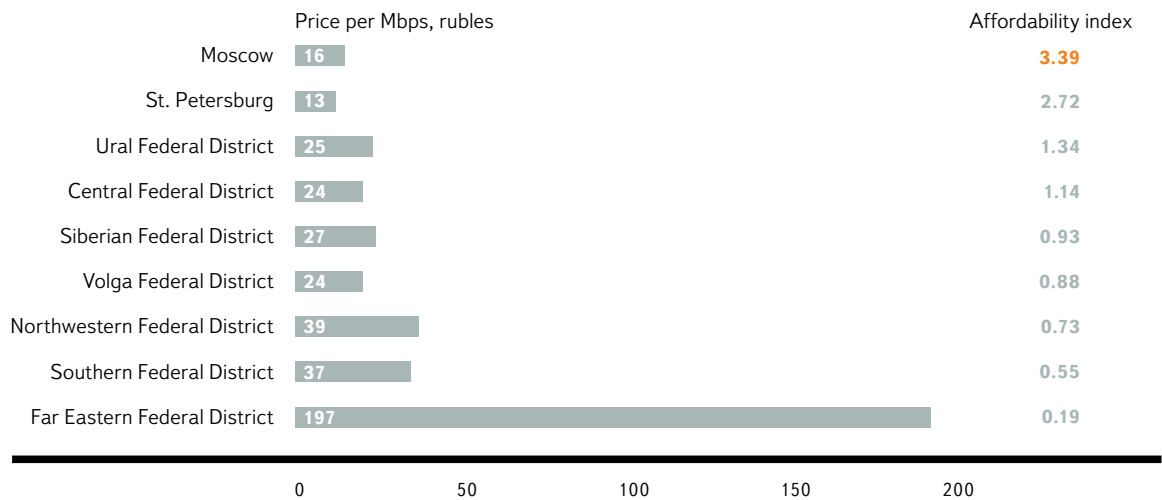


SOURCE: PUBLIC OPINION FUND, AUTUMN 2012

The least expensive internet access (per Mbps) was in St. Petersburg, while the most expensive was in the Far East.

Internet access depends not only on its price, but also on the average salary levels in the region. In the affordability index — or the correlation between average salaries and internet access prices<sup>3</sup> — Moscow is the leader. As before, the Far East lags far behind — in 2013 the region took last place. If spending the same proportion of their salary as Muscovites do, Far Eastern Federal District residents get speeds 18 times slower.

## INTERNET ACCESS COST AND AFFORDABILITY INDEX



SOURCE: YANDEX AND INTERNET PROVIDERS, MARCH 2013

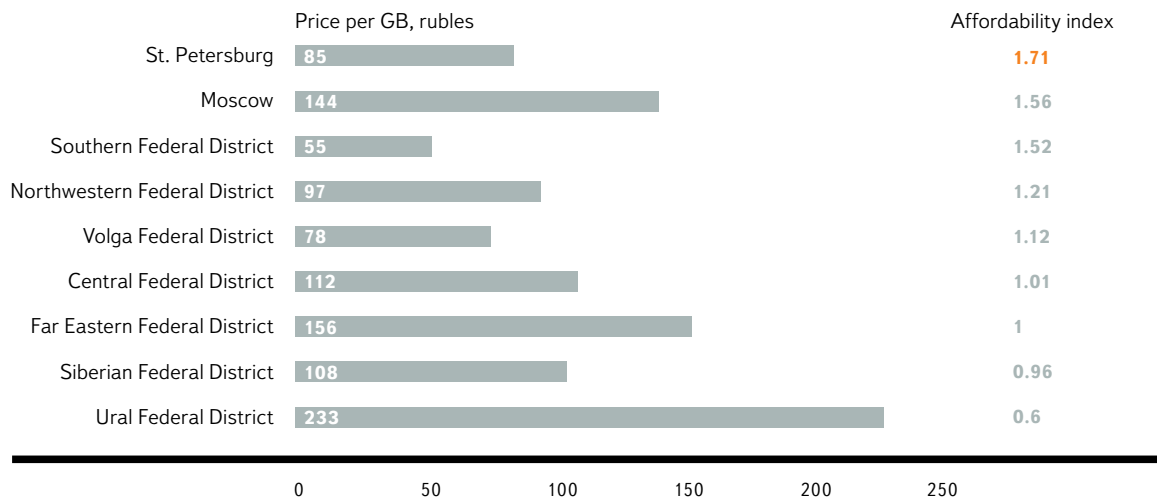
<sup>3</sup> THE AFFORDABILITY INDEX SHOWS HOW MUCH INTERNET SPEEDS FOR RESIDENTS OF A GIVEN DISTRICT DIFFER FROM THOSE FOR THE AVERAGE RUSSIAN, ASSUMING THAT THEY SPEND THE SAME PROPORTION OF THEIR SALARY ON INTERNET ACCESS. FOR EXAMPLE, ST. PETERSBURGERS SPENDING 3% OF THEIR SALARY RECEIVE SPEEDS 2.72 TIMES FASTER THAN THE AVERAGE RUSSIAN IF ALSO SPENDING 3%. SOURCE OF SALARY DATA: FEDERAL STATE STATISTICS SERVICE, DECEMBER 2012.



## MOBILE ACCESS

The lowest price for mobile internet access<sup>4</sup> is in the Southern Federal District, while St. Petersburg tops the affordability index<sup>5</sup>. By both indicators, the Ural Federal District is behind all other regions. If a Ural resident spends the same proportion of salary on mobile access as the average Russian, he or she may download 40% less data at maximum speed.

### PRICE AND AFFORDABILITY OF MOBILE INTERNET ACCESS



SOURCE: YANDEX AND INTERNET PROVIDERS, MARCH 2013

<sup>4</sup> THIS TAKES INTO ACCOUNT ONLY TARIFFS FOR PHONES (NOT TABLETS AND COMPUTERS). THE PRICE OF MOBILE ACCESS IS MEASURED AS THE AVERAGE PRICE PER GIGABYTE OF PREPAID TRAFFIC (VOLUME OF DATA DOWNLOADABLE AT UNLIMITED SPEED) IN TARIFFS WITH A MINIMUM PRICE PER GIGABYTE.

<sup>5</sup> THE MOBILE INTERNET AFFORDABILITY INDEX SHOWS THE EXTENT TO WHICH ACCESSIBLE TRAFFIC VOLUME FOR A REGION'S RESIDENT DIFFERS FROM THAT FOR THE AVERAGE RUSSIAN – ASSUMING THAT THEY PAY AN EQUAL PROPORTION OF THEIR SALARY FOR INTERNET ACCESS. FOR EXAMPLE, A MUSCOVITE SPENDING 3% OF HIS OR HER SALARY MAY DOWNLOAD 56% MORE DATA WITHOUT ANY RESTRICTIONS, COMPARED TO THE AVERAGE RUSSIAN ALSO SPENDING 3%.

SOURCE OF SALARY DATA: FEDERAL STATE STATISTICS SERVICE, DECEMBER 2012.

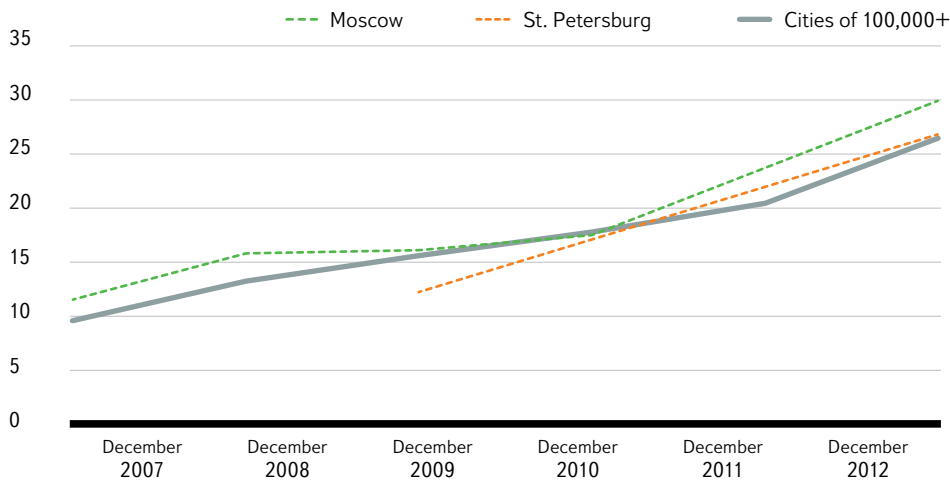
# INTERNET ON MOBILE DEVICES

## AUDIENCE

According to TNS data, in December 2012 about 16.7 million residents of Russia's biggest cities<sup>6</sup> used various mobile devices (cell phones, smartphones, tablet computers) to access the internet. This figure represents almost 27% of the population of these cities.

In the past year, the mobile internet audience<sup>7</sup> grew by 35%. (For comparison, the total internet audience grew by just 12% in the same period.) The greatest growth was in the Volga and Northwestern federal regions, which enjoyed increases of 60% and 53% respectively. Only the Far East was inconsistent with the general picture, with its audience shrinking by 4%.

**MOBILE INTERNET PENETRATION IN RUSSIA'S LARGEST CITIES, %**



SOURCE: TNS, DECEMBER 2012

<sup>6</sup> TNS DATA COVER USERS OVER 12 YEARS OF AGE, LIVING IN CITIES WITH A POPULATION OF MORE THAN 100,000 PEOPLE.

<sup>7</sup> HERE AND HENCEFORTH, "MOBILE INTERNET" REFERS TO ACCESSING THE INTERNET VIA MOBILE DEVICES.

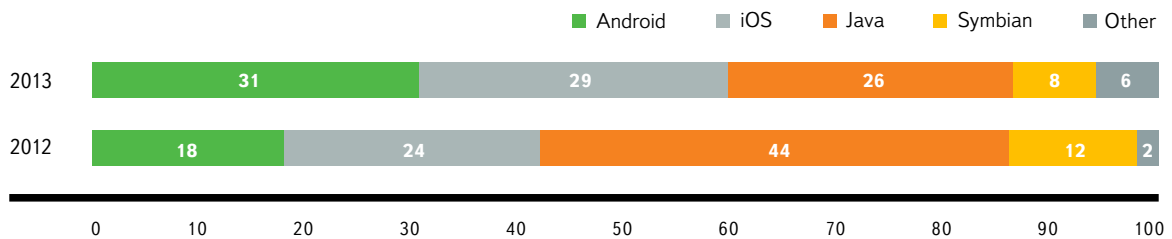
Mobile internet penetration is also growing faster than internet penetration overall — in a year it increased by 6 percentage points (up from 3 percentage points in the previous year). Interestingly, in this indicator the regions are practically on par with the two largest cities.

## DEVICES

According to TNS data for January 2013, smartphones are the most popular device for mobile internet access, with a 49% share.<sup>8</sup> A year ago, regular cell phones were in the lead. In the course of the year, their share contracted by a third to reach 34%. At the same time, tablets' share grew from 6% to 16%.

The breakdown by platforms also changed. Yandex.Metrica data for February 2013 show that Android and iOS account for 60% of devices used for mobile internet access (up from 42% a year earlier). The number of Java and Symbian phones shrank dramatically.

MOBILE INTERNET USER DISTRIBUTION BY PLATFORM<sup>9</sup>, %



SOURCE: YANDEX.METRICIA, FEBRUARY 2013

<sup>8</sup> DATA RECEIVED WITHIN THE WEB INDEX PROJECT'S ESTABLISHMENT SURVEY, WHICH ASKED WHAT TYPE OF MOBILE DEVICE PEOPLE USED MOST OFTEN TO ACCESS THE INTERNET.

<sup>9</sup> COVERS ALL MOBILE DEVICES FROM WHICH VISITS TO SITES WITH A YANDEX.METRICIA COUNTER WERE REGISTERED IN FEBRUARY 2012 AND FEBRUARY 2013.

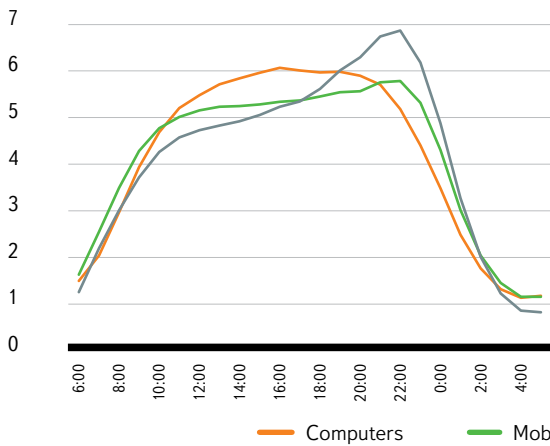
## USAGE

People most often use the internet in the daytime, between 10 a.m. and 10 p.m. — both on personal computers and on mobile devices. The only distinction is in the peak activity time. For computer users, the peak is during working hours after lunch, about 4 p.m., while mobile phones and tablets are most often used for internet access at around 9 p.m.-10 p.m.

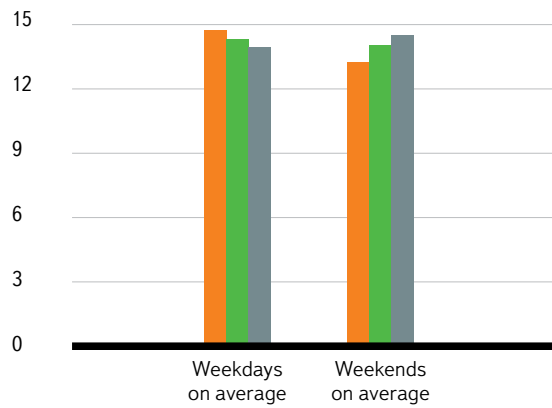
Internet usage via computers falls on weekends. Usage via mobile phones falls only slightly, while tablets are used for internet access more on weekends than on weekdays.

### INTERNET ACTIVITY BY DEVICE

Proportion of all daily users, %



Proportion of all weekly users, %



SOURCE: YANDEX.METRICA, FEBRUARY 2013

## DOMAINS

According to data from the Technical Center of Internet, the number of second-level domain names in .ru and .рф grew by 15%, reaching 5.1 million. In these zones, 85% of domains use .ru. The .ru domain fell from fourth to sixth position in the ranking of national domains worldwide.

About 40% of registered domain names are registered to residents of Moscow and St. Petersburg.

## INTERNET DISTRIBUTION INDICATORS

**Internet penetration** — monthly internet audience in a region relative to the region's population (for residents over 18 years of age, according to Public Opinion Fund data for autumn 2012).

**Mobile internet penetration** — monthly mobile internet audience (that is, users accessing the internet via cell phones, smartphones and tablet computers) in a region relative to the region's population (for residents over 12 years of age, living in cities with a population of more than 100,000 people; according to TNS data for December 2012).

A direct comparison of internet penetration and mobile internet penetration is not possible, as data for the former cover adult residents of Russia, while data for the latter cover residents over 12 years of age living in large cities.

**Cost of fixed internet access**<sup>10</sup> — average price per Mbps in the largest cities in a federal region (according to data from regional providers for March 2013).

**Cost of mobile internet access** — average price per GB of traffic in the largest cities of a federal region (according to data from cellular operators for March 2013).

**Number of domains per thousand users** — the number of second-level domain names in the .ru and .рф zones registered in a region, relative to the monthly audience in that region (according to data from the Technical Center of Internet for January 2013).

<sup>10</sup> THIS IS A NEW INDICATOR. THERE IS NO DATA FOR THE PREVIOUS YEAR, SO IT IS NOT POSSIBLE TO COMPARE IT WITH THE PAST.

## USER ACTIVITY INDICATORS

**Internet media activity** — average number of news items published by the online mass-media outlets of a region on weekdays, relative to the overall number of mass media outlets in the region (according to Yandex.News data for January-February 2013).

**Internet presence of organisations** — the number of organisations with a web site relative to the overall number of organisations in a region (according to Yandex.Spravochnik data for February 2013).

**Development of regional resources**<sup>11</sup> — the number of new sites in Yandex.Catalog relative to the monthly audience in a region (according to Yandex.Catalog data for February 2013).

**Share of business sites** — number of business-themed sites relative to the overall number of sites in Yandex.Catalog (according to Yandex.Catalog data for February 2013).

**Social networks' reach**<sup>12</sup> — combined monthly audience of the Russian internet's three largest social networks (VKontakte, Odnoklassniki and moi.mir.ru) in a region relative to the region's monthly internet audience (according to TNS data for December 2012).

<sup>11</sup> YANDEX.CATALOG DOES NOT INCLUDE ALL SITES, BUT ONLY THOSE THAT SATISFY CERTAIN CONDITIONS, WHICH ARE THE SAME FOR ALL REGIONS. AS SUCH, THIS AND THE FOLLOWING INDICATORS ILLUSTRATE THE NUMBER AND BREAKDOWN BY CATEGORIES OF QUALITY SITES IN DIFFERENT REGIONS OF RUSSIA. THIS YEAR THE METHODOLOGY FOR MEASURING THE DEVELOPMENT OF REGIONAL RESOURCES CHANGED, SO IT WOULD BE INCORRECT TO COMPARE THIS YEAR'S INDICATOR WITH THE PREVIOUS YEAR'S.

<sup>12</sup> THIS YEAR TNS CHANGED ITS METHODOLOGY FOR MEASURING THE AUDIENCE OF VKONTAKTE, SO IT WOULD BE INCORRECT TO COMPARE THIS YEAR'S INDICATOR WITH THE PREVIOUS YEAR'S.

## KEY FACTS AND FIGURES

According to Public Opinion Fund data for autumn 2012, Russia's monthly internet audience consists of 61.2 million people over 18 years of age – which is more than 52% of the country's total adult population. Three-quarters of them (47 million people) use the internet daily.

TNS data for January 2013 show that 94% of users in large cities have internet access at home. Almost three-quarters of them (74%) use broadband access.

Growth of the internet audience is slowing – from autumn 2011 to autumn 2012 it grew by 12%, compared to 17% in the preceding year.

In 2012, 86% of new users lived outside Moscow and St. Petersburg. This figure is slightly less than in previous years, when the regions accounted for 90% of the new audience.

According to Public Opinion Fund data for autumn 2012, internet penetration grew by 5 percentage points in a year and reached 52%. The greatest contribution to this growth was from cities with populations of less than 100,000 people. In Moscow and St. Petersburg, penetration practically stopped increasing, stabilising at about 70%.

According to TNS data for December 2012, in a year the mobile internet audience in the largest Russian cities grew by 35% and reached 16.7 million. This is almost 27% of the population of these cities.

Smartphones are the most popular device for mobile internet access, with a 49% share. In 2012 regular cell phones' share shrank by a third and amounted to 34%. Tablets' share, on the other hand, grew – from 6% to 16%.

According to Yandex.Metrica data, Android and iOS account for 60% of mobile devices used to access the internet (compared to 42% a year ago).

In the past year, the speed of fixed broadband internet access grew noticeably, while its price fell to 25% of its previous price, reaching 26 rubles per Mbps. In the regions – Russia's territories outside of Moscow and St. Petersburg – tariffs in the 500-600 ruble range afforded speeds 4.4 times faster, reaching 22 Mbps.

The lowest prices for internet access are in St. Petersburg, while in Moscow the internet is most affordable. The most expensive and least affordable internet access is in the Far East.

The lowest prices for mobile internet access are in the Southern Federal District, while St. Petersburg tops the affordability index. In both indicators, Ural lags behind.

According to Technical Center of Internet data, in 2012 the number of second-level domain names in the .ru and рф. zones grew by 15%, to 5.1 million. About 40% are in Moscow and St. Petersburg.



## SUPPLEMENT. COMPARISON OF INTERNET DEVELOPMENT INDICATORS BY DISTRICT

### INTERNET DISTRIBUTION

Federal districts	Internet penetration, %	Mobile internet penetration, %	Cost of fixed internet access, rubles per Mbps	Internet affordability index	Cost of mobile internet access, rubles per GB of traffic	Mobile internet affordability index	Number of domains per 1,000 users
Central (without Moscow)	50	25	<b>24</b>	1.14	112	1.01	<b>78</b>
Northwestern (without St. Petersburg)	<b>56</b>	23	39	0.73	97	1.21	52
Southern	49	29	37	0.55	<b>55</b>	<b>1.52</b>	32
Volga	48	26	<b>24</b>	0.88	78	1.12	46
Ural	54	22	25	<b>1.34</b>	233	0.6	51
Siberian	50	25	27	0.93	108	0.96	40
Far Eastern	50	<b>31</b>	197	0.19	156	1	47
Russia's average without Moscow and St. Petersburg	50	26	26	1	108	1	51
Moscow	70	30	16	3.39	144	1.56	201
St. Petersburg	71	27	13	2.72	85	1.71	125

### USER ACTIVITY

Federal districts	Mass media activity, items per outlet per day	Internet presence of organisations, %	Development of regional resources, sites per 1 million users	Share of business sites, %	Social networks' reach, %
Central (without Moscow)	10.7	<b>49</b>	148	49	94.8
Northwestern (without St. Petersburg)	13.9	35	98	33	90.7
Southern	11	43	115	45	<b>95.1</b>
Volga	11.6	47	151	48	94.2
Ural	16.1	40	<b>275</b>	<b>53</b>	94.5
Siberian	13.6	48	119	41	94.9
Far Eastern	<b>17.9</b>	39	92	36	<b>95.1</b>
Russia's average without Moscow and St. Petersburg	12.8	45	145	46	94.5
Moscow	14.3	74	667	43	91.1
St. Petersburg	16.6	77	597	45	95

