Internet development in Russia’s regions

Fall 2007

This information bulletin reports on development of the Internet in Russia’s regions. It uses data provided by the Yandex services — Blog search, Market, News, and the Yandex.Cities project, as well as information from the public opinion foundation FOM, the market research company TNS, the regional network information center RU-Center, and the Black Square project. To describe the development of the Internet in Russia, we identified a set of key indicators, which measure Internet diffusion and user activity both in every federal region, and in the country at large.

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Introduction

One of the most characteristic features of Internet diffusion in Russia is that Internet accessibility in the two capitals, Moscow and Saint Petersburg, differs drastically from the rest of the country. At present, Moscow has 2.5 more people online than the country’s regions (according to FOM, 23% of the population in the regions use the Internet, while this proportion reaches 57% in Moscow). According to FOM, Russia’s web users total to 25% of the adult population (about 29 million people, of which 6 million reside in Moscow and Saint Petersburg).

Besides a big discrepancy between the capitals and the regions, Internet diffusion in Russia is characterized by a very significant difference between urban areas and the rest of the country. According to TNS, about 40% of residents living in the cities with the population over 100,000 use the Internet. In practice this means that Internet penetration in small towns and rural areas is considerably lower than 20%.

According to RU-Center, the number of regional\(^1\) domains (corporate or private domains, whose registered owners are located in one of Russia’s regions) is significantly smaller than the number of domains registered in either of the two capitals. Only one of five domains in the Russian Internet is regional. Approximately the same number of the Russian domains is registered abroad.

According to Yandex, in 2007 the number of websites in the Russian Internet had a 66% increase. This estimate conforms to the data from RU-Center: more than 1,000 new domains are being registered in the Russian Internet every day. This corresponds with a 62% annual growth (see fig.1). This growth is linear and not exponential. The number of domains registered in the regions has a slower growth rate (57% this year).

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\(^1\) Domain’s region is the region where the owner of this domain, a company or a private person, is officially registered. Domain’s regional affiliation is based on the information provided by its owner.

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\* \* 

Over one million domain names are currently registered in the .ru domain space. According to the Black Square project, more than 800,000 of them are active. If the rate at which domain names are being registered remains the same, the number of .ru domain names will hit 2 million by the end of 2008.
Indicators of Internet activity

This survey uses a number of indicators, which describe development of the Internet in Russia's regions.

Indicators describing Internet diffusion in a given region:

Internet penetration is percentage of web users in the total population of a region (according to FOM, as of summer 2007).

Number of domains per thousand users is percentage of the total number of registered regional domains (according to RU-Center) in the total number of web users of a region.

Indicators describing web user activity in a given region (Internet activity):

Blogosphere activity is percentage of weblogs registered in a region (according to the Yandex Blog search) in the total number of web users in this region. A weblog's regional affiliation is identified based on the information provided by bloggers in their personal profiles.

Online shopping activity is percentage of the average monthly number of click-throughs to websites of online shops (according to Yandex.Market) in the total number of web users in a given region.

Regional media activity is percentage of the number of daily news from all online media resources in a given region in the total number of all mass media resources in this region (according to Yandex.News).

Another indicator used to measure Internet diffusion in urban areas is the Internet rating index for cities.

Internet rating index is a numerical indicator based on a number of characteristics, such as the number of a city's websites registered in Yandex.Catalogue, the number of links leading to these websites, the number of online searches for this city, the percentage of Yandex users in the city, and blogger activity in the city's region.

Yandex calculates the Internet rating index for all large cities in Russia. This index is what the Yandex.Goroda (Yandex.Cities), a monthly online rating for the Russian cities, is based on.

These indicators of Internet activity were calculated as for each of the seven federal regions specifically, so for Moscow and Saint Petersburg, and for the whole country (excluding Moscow and Saint Petersburg, but including Moscow Region and Leningrad Region). This methodology makes it possible to compare Internet diffusion in a single region with the average Internet diffusion across all regions.
Central Federal Region (excluding Moscow)

The Central Federal Region has 5 million web users over 18 years old (17% of all web users in Russia).

Internet penetration is 23% (slightly above the regional average).

Five cities in the Central Federal Region (Belgorod, Voronezh, Ryazan, Tver, Yaroslavl) are in the top 50 cities with the highest Internet rating index. Voronezh coming in at number 13 is ranking highest among all five cities.

The Central Federal Region is behind other federal regions in most indicators of Internet activity.

The activity of the local mass media is twice as low as the regional average. Online media in the Central Federal Region account for only about 6% of all daily regional news in Russia (excluding Moscow and Saint Petersburg) aggregated by the Yandex.News service. This small percentage is explained by that fact that most of the region's news traffic is generated in Moscow, which is located in this region, but not included in this estimate.

The number of domains per thousand users in the CFR is almost twice as high as the regional average, all due to Moscow region. Without taking Moscow region into account the value of this indicator is lower than average (7 domains per thousand users).

Online shopping activity in the CFR is approximately 10% higher than the regional average. The region is second only to the Urals Region in this indicator. In August 2007 the number of users in the CFR clicking through to online shops reached 23.5%. Most purchases were made by the residents of Moscow region, Voronezh, Yaroslavl, Tula and Vladimir.
The number of web users over 18 years old in the region is 2.4 million people (13% of all web users in Russia).

Internet penetration in the region is 31%, which is 9% higher than the regional average (see fig.8). The Northwestern Federal Region is leading among all federal regions in Internet penetration.

Eight of the region’s cities are in the top 50 cities with the highest Internet rating index, with Petrozavodsk and Veliky Novgorod in the top 20.

However, user activity in the region is lower than the regional average: online shopping activity is five times as low, the number of domains per thousand users is more than twice as low, local media activity is almost twice as low, and the number of bloggers in the region is 25% lower.
Southern Federal Region

The number of web users over 18 years old is 3.3 million (11% of all web users in Russia).

Internet penetration is 21% (slightly lower than the regional average).

Krasnodar is ranking four in the rating of the cities with the highest Internet rating index. Besides Krasnodar the top 50 also has Astrakhan, Volgograd, Rostov-on-Don and Stavropol.

Most indicators of Internet activity in the Southern Federal Region correspond with the regional average. The only exception is online shopping activity. According to Yandex.Market, the number of user click-throughs to online shops in the South is 40% lower than the average across the country.

About 50% of all news in the South comes from Krasnodar. Volgograd is leading in the number of news resources.

Most bloggers live in Rostov-on-Don, about 40% of all bloggers in the region. Moreover, these bloggers are the most active.
The number of web users over 18 years old is 4.8 million (17% of all web users in Russia).

Internet penetration in the region is 20% (lower than the regional average).

Five cities in the region (Samara, Perm, Kazan, Ufa, Nizhny Novgorod) are in the top 10 Russian cities with the highest Internet index (in total the Yandex.Cities rating has nine Volga region cities).

The local media activity is slightly lower than the regional average. Nizhny Novgorod has the highest number of online media resources, and Kazan is the leader in daily news traffic.

The rate of blogosphere activity in the Volga Federal Region is a little higher than the regional average. Most bloggers in this region live in Samara, with the most active bloggers residing in Ulyanovsk.

The number of domains per thousand users in the region is lower than the regional average.

Online shopping activity in the Volga Federal Region is 30% lower than the regional average. Residents of Nizhny Novgorod are the most active in online purchasing. Around 20% of all online shoppers in the Volga Region come from this city.
The number of web users over 18 years old is 1.8 million (6% of all web users in Russia).

Internet penetration is 20% (2% lower than the regional average).

Yekaterinburg is topping the list of the cities with the highest Internet index in Russia (excluding Moscow and Saint Petersburg). The top 20 includes two more Urals cities: Chelyabinsk and Tyumen.

The Urals Region is considerably ahead of all other federal regions in the average indicators of Internet development. The Urals media are approximately 70% more active than the average regional media. Blogosphere activity in the Urals is two and a half times higher than the average. The number of local websites registered in the region is almost one and a half times higher than the regional average.

Moreover, the Urals has the highest online shopping activity, which exceeds the average by 28%.

Most of Internet activity in the Urals comes from Yekaterinburg. The Urals capital produces more than 70% of all regional news. It also has the highest concentration of news resources (about 40% of all Urals media), along with the highest number of bloggers (50% of all blogs in the Urals).

Online shopping activity in Yekaterinburg is also very high. The residents of Yekaterinburg account for about 50% of all click-throughs to websites of online shops in this region.
Siberian Federal Region

The number of Internet users over 18 years old is 3.5 million (12% of all Internet users in Russia).

Internet penetration in the region is 21% (slightly lower than the regional average).

The Siberian capital, Novosibirsk, is in the top 3 Russian cities with the highest Internet rating index (excluding Moscow and Saint Petersburg). The top 50 has nine Siberian cities.

The local online media activity does not differ from the average. But then, the Siberian region is the leader in the total number of media resources accounting for more than 23% of all regional news portals in Russia.

Online shopping activity in Siberia is slightly lower than the regional average. The rate of blogosphere activity is slightly higher. The number of domains per thousand users is slightly lower than average.

<table>
<thead>
<tr>
<th>Fig.27. Internet penetration in the Siberian Federal Region</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image" alt="Graph showing internet penetration comparison" /></td>
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</table>

<table>
<thead>
<tr>
<th>Fig.28. News from one media source in the Siberian Federal Region</th>
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</thead>
<tbody>
<tr>
<td><img src="image" alt="Graph showing media activity comparison" /></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Fig.29. Blogs and domains in the Siberian Federal Region</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image" alt="Graph showing blog and domain activity comparison" /></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Fig.30. Online shopping activity in the Siberian Federal Region</th>
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<tbody>
<tr>
<td><img src="image" alt="Graph showing online shopping activity comparison" /></td>
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</tbody>
</table>

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<tr>
<th>Fig.31. Difference between the SFR and the regional average</th>
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<tbody>
<tr>
<td><img src="image" alt="Graph showing difference in various metrics" /></td>
</tr>
</tbody>
</table>

- **Internet penetration**: -13%
- **Local media activity**: 0%
- **Blogosphere development**: +13%
- **Number of domains**: -18%
- **Online shopping activity**: -39%

Internet development in Russia's regions. Fall 2007
The number of web users over 18 years old is 1.6 million (5% of all web users in Russia).

Internet penetration in the region is 28% (6% higher than average).

Vladivostok, the largest city in the region, is in the top 10 cities with highest Internet rating index. There are altogether five Far Eastern cities in the rating.

Far East has the fewest online media resources accounting only for about 4%. However, Far Eastern media are the most active. An average online media source in the Far East offers 14 news per day, which doubles the average.

About 70% of the news traffic in the Far East comes from Vladivostok. The unofficial capital of the region is also the leader in the number of news sources.

The number of blogs and domains registered in the Far Eastern region is lower than the regional average. Online shopping activity of the Far Eastern users is almost twice as low as the average.

Far Eastern Federal Region

<table>
<thead>
<tr>
<th>FEFR</th>
<th>Regional average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet penetration</td>
<td>+22%</td>
</tr>
<tr>
<td>Local media activity</td>
<td>+100%</td>
</tr>
<tr>
<td>Blogosphere development</td>
<td>-12%</td>
</tr>
<tr>
<td>Number of domains</td>
<td>-36%</td>
</tr>
<tr>
<td>Online shopping activity</td>
<td>-49%</td>
</tr>
</tbody>
</table>

![Internet penetration in the Far Eastern Federal Region](image1)

![Blogs and domains in the Far Eastern Federal Region](image2)

![Online shopping activity in the Far Eastern Federal Region](image3)

![Difference between the FEFR and the regional average](image4)

Internet development in Russia's regions. Fall 2007
Regional average against Moscow and Saint Petersburg

Russia’s capitals enjoy a far better developed Internet than the country’s regions. Online shoppers in Moscow are 16 times more active than the regional shoppers. The rate of blogosphere activity in Moscow is 11 times higher than in the regions. The number of domains per thousand users in Moscow is 7 times higher than in the regions.

Moscow is more than two and a half times ahead of the regions in Internet penetration, and is one and a half times ahead in online media activity.

The rate of Internet penetration in Saint Petersburg is one and a half times higher than the regional average. Online media activity is only slightly higher than the average. At the same time, blogosphere activity and the number of domains per thousand users in Saint Petersburg are, respectively, five and ten times higher than the regional. Also, online shopping activity is six times higher than the regional average.
Conclusions

The number of websites in the Russian Internet increased 66% during 2007. This growth was linear rather than exponential. The number of domains registered in the regions was growing slightly slower (57% this year).

According to RU-Center, only one out of five domains in the Russian Internet is registered in one of Russia’s regions.

Moscow and Saint Petersburg are leading in all indicators of Internet development and web user activity.

**The Central Federal Region has the largest number of Internet users** (after Moscow and Saint Petersburg), which is 17% of all population online in Russia. The regions with the lowest number of web users are the Urals and the Far East (6% and 5% correspondingly).

**The Northwestern Federal Region is leading** among all seven federal regions **in the rate of Internet penetration** (31%), with the Far Eastern Federal Region coming next (28%). However, the Northwestern users (excluding Saint Petersburg residents) are the least active online. Practically all indicators of user online activity in the Northwestern Region are considerably lower than the regional average.

**The highest number of domains per thousand users** (after Moscow and Saint Petersburg) is registered in the Central Federal Region (21), which is accountable for by Moscow region located in this federal region. Without taking Moscow region into account the number of domains per thousand users in the CFR is only seven.

The Urals is leading among all federal regions in two important indicators of Internet activity: blogosphere activity and online shopping activity. **The Urals Federal Region**, on average, is twice ahead of other regions in Internet activity. Apparently, the indicators for the Urals Region are largely affected by Yekaterinburg, which ranks third in the rate of Internet penetration and fourth in population size among Russian cities.

**Far East** has the smallest number of online media resources, but they are the most active. The indicators for the Southern and the Siberian Federal Regions are the closest to Russia’s average.

Siberia and the Volga Region have the largest number of cities with the highest Internet index.

<table>
<thead>
<tr>
<th>Region</th>
<th>Internet penetration</th>
<th>News from one media source per day</th>
<th>Number of blogs per thousand users</th>
<th>Number of domains per thousand users</th>
<th>Number of click-throughs to websites of online shops per month per thousand users</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central</td>
<td>23%</td>
<td>3</td>
<td>4</td>
<td>21</td>
<td>54</td>
</tr>
<tr>
<td>Northwestern</td>
<td>31%</td>
<td>4</td>
<td>6</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Volga</td>
<td>21%</td>
<td>6</td>
<td>9</td>
<td>8</td>
<td>34</td>
</tr>
<tr>
<td>Siberian</td>
<td>20%</td>
<td>7</td>
<td>9</td>
<td>9</td>
<td>30</td>
</tr>
<tr>
<td>Urals</td>
<td>21%</td>
<td>12</td>
<td>20</td>
<td>16</td>
<td>63</td>
</tr>
<tr>
<td>Southern</td>
<td>20%</td>
<td>7</td>
<td>8</td>
<td>8</td>
<td>29</td>
</tr>
<tr>
<td>Far Eastern</td>
<td>28%</td>
<td>14</td>
<td>7</td>
<td>7</td>
<td>25</td>
</tr>
<tr>
<td>Regional average</td>
<td>23%</td>
<td>7</td>
<td>8</td>
<td>11</td>
<td>49</td>
</tr>
<tr>
<td>Moscow</td>
<td>57%</td>
<td>11</td>
<td>90</td>
<td>73</td>
<td>816</td>
</tr>
<tr>
<td>Saint Petersburg</td>
<td>37%</td>
<td>8</td>
<td>84</td>
<td>57</td>
<td>275</td>
</tr>
</tbody>
</table>
### Table 2 Difference between each region and the regional average

<table>
<thead>
<tr>
<th>Region</th>
<th>Internet penetration</th>
<th>Regional media activity</th>
<th>Blogosphere activity</th>
<th>Number of domains per thousand users</th>
<th>Online shopping activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central</td>
<td>0%</td>
<td>-57%</td>
<td>-50%</td>
<td>91%</td>
<td>+10%</td>
</tr>
<tr>
<td>Northwestern</td>
<td>+35%</td>
<td>-43%</td>
<td>-25%</td>
<td>-55%</td>
<td>-80%</td>
</tr>
<tr>
<td>Volga</td>
<td>-9%</td>
<td>-14%</td>
<td>+13%</td>
<td>-27%</td>
<td>-31%</td>
</tr>
<tr>
<td>Siberian</td>
<td>-13%</td>
<td>0%</td>
<td>+13%</td>
<td>-18%</td>
<td>-39%</td>
</tr>
<tr>
<td>Urals</td>
<td>-9%</td>
<td>+71%</td>
<td>+150%</td>
<td>45%</td>
<td>+29%</td>
</tr>
<tr>
<td>Southern</td>
<td>-13%</td>
<td>0%</td>
<td>0%</td>
<td>-27%</td>
<td>-41%</td>
</tr>
<tr>
<td>Far Eastern</td>
<td>+22%</td>
<td>+100%</td>
<td>-13%</td>
<td>-36%</td>
<td>-49%</td>
</tr>
<tr>
<td>Moscow</td>
<td>+148%</td>
<td>+57%</td>
<td>+1022%</td>
<td>564%</td>
<td>+1565%</td>
</tr>
<tr>
<td>Saint Petersburg</td>
<td>+61%</td>
<td>+14%</td>
<td>+950%</td>
<td>418%</td>
<td>+461%</td>
</tr>
</tbody>
</table>