**Russian speaking markets**

**Users Engagement in the Online Activities**

Three of the Russian speaking countries: Russia, Ukraine and Kazakhstan, are one of the biggest CEE markets with respect to the size of internet population between 18 and 69 years old (66.4m, 16.1m and 6m users, respectively). At the same time, the internet penetration in Kazakhstan and Ukraine is still among the lowest in the CEE region (55% and 54%, accordingly). Belarus, with 4.7 m internet users, is the smallest market in terms of online population aged 18 – 69 among the Russian speaking countries. Both, in Russia and Belarus, the internet penetration reached 63% in December 2013.

**Chart 1. Internet penetration in the CEE region (age: 18 – 69)**


**Region Highlights by Gemius:**

**Mail.ru and Yandex – the strongest local brands**

The strongest local online brands are Mail.ru and Yandex. In Ukraine and Belarus, Mail.ru overtook Yandex in 2013, whereas in Russia Yandex opens the top ten websites ranking by reach, with 84%.

Paweł Mazurek, Regional Manager, Gemius

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1 gemiusAudience study is conducted in different countries in different age groups. Age groups were harmonized for the purpose of comparison of internet penetration in CEE region.
Users from the Russian speaking markets love social networks

Users from the Russian speaking markets love social networks. The most popular one in all: Belarus, Russia and Ukraine is vk.com. The only exception is Kazakhstan, where the most popular social network is portal of the Russian origin, odnoklassniki.ru. Facebook, the international player, is also strengthening its position in the region. Slowly yet steadily, it is gaining its position. However, it has not yet overtaken the local players. If the tendency remain as it is now, this moment will come in the nearby future. Unless local social networks undertake some action, of course.

Lesya Prus, Country Manager, Gemius Ukraine

Online video ads gaining popularity

Another visible trend, not only on the Russian speaking markets, but also in the whole CEE region, is the growing popularity of video online content. Our study shows that video content online does not necessarily need to be associated with YouTube only. Advertisers are aware of this fact, and this is why online video ads are eagerly used. This growing demand from advertisers forces sellers to offer new formats and advanced inventory, in order to plan online campaigns that are comparable to the TV ones.

Toms Panders, International Publishers Segment Manager, Gemius

Allegro Group strengthening its position

The interest in online shopping among the Russian speaking internet users is increasing. Websites, such as olx.kz, satu.kz, belonging to the biggest e-commerce capital group in CEE are gaining popularity.

Yerkanat Kazhgaliev, Country Manager, Gemius Kazakhstan

RTB is slowly gaining popularity but the market needs to understand how to use it effectively

Real-time bidding is one of the fastest growing parts of digital marketing in Western Markets. According to eMarketer, RTB Digital Display ad spend will grow from a EUR 1.38bn market in the US in 2012, to a EUR 6.19bn market by 2017. However, in our region RTB is still rather a buzz word than reality. This solution is appearing on the Russian speaking markets, but some time is necessary to thoroughly understand what is RTB and how to use it effectively. However, we expect RTB to become a well-established display purchase method in just a few years from now.

Anton Melekhov, Country Manager, Gemius Russia
Belarus, with a floating economic growth in the recent years that has stimulated the development of telecommunications, is experiencing a fast internet growth. In December 2013, the total internet population in this country among users aged 15 – 74 years amounted to 4.8m web users, which means that 71% of the country’s population has access and uses the internet.

**Chart 2. Internet penetration in Belarus**

![Internet penetration chart](chart)

Source: National Statistical Committee of the Republic of Belarus (age: 15-74), III.2012-XII.2013

**Online ad spends grew by 46 % in 2013, reaching almost EUR 8.02m**

Apart from the growing Belarusian online population, the online advertising market in Belarus is growing even more dynamically. According to ZenithOptimedia Belarus, online ad spends grew by 46% in 2013, reaching almost EUR 8.02m. The forecasts for 2014 also look optimistic – further growth between around 25-30% is expected. The Automotive, Telco and FMCG industries invest the most in online advertising – over 40% of all online budgets in ByNet comes from the companies from those sectors. Despite the increasing investments in digital marketing, the understanding of the importance of media advertising is still rather low in Belarus.

Mikhail Doroshevich, Online Media Consultant and Contractor, e-belarus.org

**The demand for video ads does not meet the supply**

In the whole CEE region, online video content websites are gaining more audience. Belarus is not an exception here: among the top ten websites by reach there is YouTube with 2m users and Megogo with 1.2m users. Megogo at the same time was the fastest growing website in ByNet in 2013, gaining 828 000 new users. Due to this growth, the Belarusian advertisers, especially those big ones, are interested in video ads. Unfortunately, they lack the possibilities, as the only websites where those kind of advertisements are offered, are the already mentioned Megogo and – to some extent - YouTube.

Toms Panders, International Publishers Segment Manager, Gemius
WHO ARE BELARUSIAN INTERNET USERS?

Slow growth of the most mature audience

In terms of age, young users prevail in ByNet – over 55% of internet users are Belarusians under 35 years old. However, comparing to 2012, the overrepresentation of younger users dropped by 6 percentage points. At the same time, we are experiencing sluggish growth of the most mature audience in Belarus – 23% of users over 45 years old in 2013 comparing to 20% in 2012.

Paweł Mazurek, Regional Manager, Gemius

Chart 3. Socio-demographic profiles of internet users in Belarus

Source: gemiusAudience (age: 15-74), XII.2013
Measuring target audience profiles is crucial for building successful online campaigns. Creatives delivered to the target audience have higher value than those delivered randomly. Verification of publishers' ad packages from this perspective is essential to get a better insight into campaign performance.

Toms Panders, International Publishers Segment Manager, Gemius

THE MOST POPULAR WEBSITES IN BELARUS

Belarus is witnessing fierce competition among the major market players, with some shake-up in the top 10 of most popular websites, comparing to 2012. Most websites from the top 10 are of Russian origin. The first place by reach belongs to the global search engine leader google.com, the second one to mail.ru, the horizontal portal belonging to the most potent company of the Eastern online market, Mail.ru Group. The third place in the ranking takes the Russian social networking portal vkontakte.ru – 54% reach. Comparing to 2012 yandex.by, the main competitor of mail.ru in Russia, is slightly losing its position – its reach decreased from 56% to 53%.

Social networking websites of Russian origin are extremely popular among Belarusians

Apart from vk.ru, in the top 10 ranking there is another social network of the Russian origin, odnoklassniki.ru, with reach of 30%. We can't forget Facebook, which so far hasn't made it to the top 10 websites ranking by reach, but is experiencing a steady growth of around 0.5% monthly in terms of reach. In December 2013, Facebook gathered 0.9m users, which means that soon we can expect its appearance among the top 10 most popular websites.

Paweł Mazurek, Regional Manager, Gemius

Table 1. Top 10 websites in Belarus by reach level

<table>
<thead>
<tr>
<th>Rank</th>
<th>Website</th>
<th>Number of Real Users (m)</th>
<th>Reach</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>google.com</td>
<td>3.02</td>
<td>62%</td>
</tr>
<tr>
<td>2</td>
<td>mail.ru</td>
<td>3.00</td>
<td>62%</td>
</tr>
<tr>
<td>3</td>
<td>vk.com</td>
<td>2.64</td>
<td>54%</td>
</tr>
<tr>
<td>4</td>
<td>yandex.by</td>
<td>2.56</td>
<td>53%</td>
</tr>
<tr>
<td>5</td>
<td>tut.by</td>
<td>2.09</td>
<td>43%</td>
</tr>
<tr>
<td>6</td>
<td>youtube.com</td>
<td>2.01</td>
<td>41%</td>
</tr>
<tr>
<td>7</td>
<td>odnoklassniki.ru</td>
<td>1.45</td>
<td>30%</td>
</tr>
<tr>
<td>8</td>
<td>onliner.by</td>
<td>1.44</td>
<td>30%</td>
</tr>
<tr>
<td>9</td>
<td>ru.wikipedia.org</td>
<td>1.37</td>
<td>28%</td>
</tr>
<tr>
<td>10</td>
<td>megogo.net</td>
<td>1.20</td>
<td>25%</td>
</tr>
</tbody>
</table>

Source: gemiusAudience (age: 15-74), XII.2013

*The estimated number of internet users from a given target group who generated at least one Page View on the selected web site in the given month. This indicator relates to the actual number of persons (not computers, cookies, or IP addresses) who visited a web site within a given month.
TOP GROWING WEBSITES IN BELARUS - BY REAL USERS GROWTH

We may encounter a completely different landscape of top websites in Belarus already in 2014

Looking only at the top 10 websites by reach in Belarus does not give the full picture on how active the market is. Six out of ten websites that have obtained the biggest growth in 2013 in comparison to 2012 (beltelecom.by, byfly.by, microsoft.com, deal.by, slando.by and map.by) are not yet appearing in the top 10 websites ranking by reach. However, if they keep this pace we might encounter a completely different landscape of top websites in Belarus as soon as next year. An indicator of this can be the fact that website, which grew the most in terms of Real Users, is the one closing the top 10 by reach level. An online movie theater of the Ukrainian origin, megogo.net, which in December 2012 was in the 31st place, a year after came 10th with almost 828 thousand new users.

Paweł Mazeuk, Regional Manager, Gemius

<table>
<thead>
<tr>
<th>Rank</th>
<th>Website</th>
<th>Real Users Growth, XII.2012-XII.2013 (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>megogo.net</td>
<td>828</td>
</tr>
<tr>
<td>2</td>
<td>google.com</td>
<td>667</td>
</tr>
<tr>
<td>3</td>
<td>beltelecom.by</td>
<td>368</td>
</tr>
<tr>
<td>4</td>
<td>byfly.by</td>
<td>184</td>
</tr>
<tr>
<td>5</td>
<td>vk.com</td>
<td>144</td>
</tr>
<tr>
<td>6</td>
<td>ru.wikipedia.org</td>
<td>142</td>
</tr>
<tr>
<td>7</td>
<td>microsoft.com</td>
<td>128</td>
</tr>
<tr>
<td>8</td>
<td>deal.by</td>
<td>119</td>
</tr>
<tr>
<td>9</td>
<td>slando.by</td>
<td>100</td>
</tr>
<tr>
<td>10</td>
<td>map.by</td>
<td>81</td>
</tr>
</tbody>
</table>

Source: gemiusAudience (age: 15-74), XII.2012, XII.2013
65% of Belarusian internet users have experience in online shopping

According to a survey conducted by the trading platform kUPI.tUT.by in cooperation with Gemius and DataInsight, 65% of Belarusian internet users have some experience in online shopping and 33% made two or three online purchases over the last six months. When it comes to consumer preferences, most respondents were looking for home appliances and electronics. However, an increased interest in buying clothing and footwear was noticed. Cash payment for the purchase is the leader - 60% of online purchases are paid in this manner, 12% - with credit cards, 8% - by bank transfer. Most Belarusian users prefer shopping in the domestic e-stores – 89%. The value of the Belarusian e-commerce market in 2013 amounted to EUR 313.34m.

Mikhail Doroshevich, Online Media Consultant and Contractor, e-belarus.org

Allegro strengthening its position

The growing popularity of e-commerce in Belarus is also visible in gemiusAudience study. Among the top ten websites by Real Users growth, we can find deal.by with 119 thousand new users and slando.by with 100 thousand new users, both belonging to the biggest e-commerce capital group in CEE: Allegro.

Pawel Mazurek, Regional Manager, Gemius

CONCLUSIONS

65% of Belarusian internet users have experience in online shopping

Online ad spends grew by 46% in 2013, reaching almost EUR 8.11m

We may encounter a completely different landscape of top websites in Belarus already in 2014

Social networking websites of Russian origin are extremely popular among Belarusians

The value of Belarusian e-Commerce market in 2013 amounted to EUR 317.12m

Measuring target audience profiles is crucial for building successful online campaigns

Automotive, Telco and FMCG industries invest the most in online advertising

Still low understanding of the importance of media advertising

The demand for video ads does not meet the supply

Online video content popular in ByNet

Allegro strengthening its position
Kazakhstan is the country in which Gemius started to measure online audience in October 2013. With internet population aged over 16 years amounting to 6.7m users, Kazakhstan is a relatively small market in comparison to Russia and Ukraine. It turns out that over half (54%) of the inhabitants of Kazakhstan use the internet.

![Chart 4. Internet penetration in Kazakhstan](image)

Source: GFK (age: 16+), XII.2013

**Online advertising market continues its positive growth since 2010, increasing by 10-15% year by year**

The Kazakh media market is developing slowly but decisively. The main channel in the advertisers mind is still the Television (60% of the market), before Outdoor (20%) and Print (around 10%) according to Aegis Media Kazakhstan. Talking about the main trends, the rapid growth of digital advertising is truly remarkable in comparison to other channels. Online advertising continues its positive grow since 2010, increasing by 10-15% year by year. Referring to a study conducted by 21 Media and kursiv.kz, the volume of the Kazakhstan’s online advertising market was predicted to reach EUR 13.55m in 2013 and increase even by 30% compared with a year before. Over the next years, such pace of development will continue.

Yerkanat Kazhgaliyev, Country Manager, Gemius Kazakhstan

**CPM is still likely to be the most attractive purchase model in 2014**

Some of big players are really fond of efficiency investigation by means of different tools, like GA and Yandex Metrics. But the category leaders (banks and financials, e-commerce, building companies) started doing new things like CPA and lead generation. Despite this fact, it appears obvious that, CPM is still likely to be the most attractive purchase model in 2014.

Arman Alzhanov, Director, Business Development and Analytics, TV Media Digital

**Mobile internet developing rapidly**

When talking about digital trends in Kazakhstan, a fact worth mentioning is that mobile internet is developing rapidly. However, according to gemiusRanking study, mobile page views constituted (excluding applications) in March 2014 only around 4% of all traffic. Such pace of growth allows to predict that this advertising channel will become important on the market within next few years.

Małgorzata Zbierada - Tyszkiewicz, Head of Consulting Unit, Gemius
Weakening popularity of banner advertising – rising number of video ads

Another trend visible on the market is the weakening popularity of banner advertising. The same as in the whole CEE region, the penetration of unconventional methods of promotion is growing, especially video ad formats are gaining momentum.

Yerkanat Kazhgaliyev, Country Manager, Gemius Kazakhstan

Google Display Network and rich media are gaining advertisers’ interest

Google Display Network is to be the main trend amongst advertisers that eager to fight for efficiency and ROI figures. So called Non-Standards (rich media) are also in the centre of their attention since local publishers still can not propose big reach, attracting clients with any rich media they can make themselves.

Arman Alzhanov, Director, Business Development and Analytics, TV Media Digital

E-commerce sector is growing

E-commerce sector growth is being driven by appearance of development of existing market players (Chocomart and Chocofood launch) and new players entering the market – foodpanda.kz. Among recent news by market.kz, a local e-commerce platform, together with two existing projects has acquired almost 11 million EUR investment from 'Baring Vostok' investment fund.

Mateusz Gordon, International E-commerce Segment Manager, Gemius

E-commerce sector is growing. New players are entering market. Lamoda, Bon-Prix, Eves Rocher, Food Panda and others are already operating on the market.

Arman Alzhanov, Director, Business Development and Analytics, TV Media Digital
USERS ENGAGEMENT IN THE ONLINE ACTIVITIES

When it comes to users engagement in using the internet, an average Kazakh web user spends around 10 hours 30 minutes online and generates 524 page views monthly.

Chart 5. **Users engagement in Kazakhstan**

<table>
<thead>
<tr>
<th>Average time spent per user (h:m)</th>
<th>Average number of page views per user</th>
</tr>
</thead>
<tbody>
<tr>
<td>10:28</td>
<td>524</td>
</tr>
</tbody>
</table>

Source: gemiusAudience (age: 16+), XII.2013

WHO ARE KAZAKH INTERNET USERS?

There are slightly more women (53%) than men (47%) on the Kazakh internet and women are - at the same time - more active online, especially in terms of online time spent. An average Kazakh women spend online 1 hour 30 minutes online longer monthly than average Kazakh men and generates 19 page views more.

The oldest users are the most active online

In contrary to Ukraine and Russia those are the oldest users who are most active online in Kazakhstan. An average Kazakh between 45 and 54 years old generates 653 page views and spends 15 hours 53 minutes online monthly - in comparison the youngest users, between 16 and 24 years old spend on average only 7 hours 52 minutes online monthly.

Yerkanat Kazhgaliyev, Country Manager, Gemius Kazakhstan
Chart 6. Socio-demographic profiles of internet users in Kazakhstan

Source: gemiusAudience (age: 16+), XII.2013
Knowing the socio-demographic profile of internet audience is crucial to evaluate campaign performance

While measuring online campaigns’ performance, the knowledge of socio-demographic profile of internet audience that clicked on an ad or interacted with it is crucial to get an understanding whether it was attractive to the target audience, whether it was tailored to their preferences, and whether other audiences were interested in it as well.

Toms Panders, International Publishers Segment Manager, Gemius

THE MOST POPULAR WEBSITES IN KAZAKHSTAN

Among the top 3 most popular websites in Kazakhstan, all are of the Russian origin. First place is held by the Russian horizontal portal Mail.ru with 81% reach. Kazakhs, same as users from other Russian speaking markets, love social networking – the second most popular website in the country is my.mail.ru with a 52% reach. An average internet user in Kazakhstan spends 9 hours 38 minutes monthly on odnoklassniki.ru, which is the third most popular website in the country with a 23% reach. The fourth place in the ranking belongs to the Kazakh portal nur.kz (20%). The fifth position is held by automotive classifieds website kolesa.kz, which is very high rank in comparison to other Russian speaking markets.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Website</th>
<th>Number of Real Users (m)</th>
<th>Number of page views (m)</th>
<th>Page views per user</th>
<th>Average time per user</th>
<th>Reach</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>mail.ru</td>
<td>5.40</td>
<td>2054.55</td>
<td>380</td>
<td>6h55min</td>
<td>81%</td>
</tr>
<tr>
<td>2</td>
<td>my.mail.ru</td>
<td>3.46</td>
<td>1276.68</td>
<td>369</td>
<td>3h52min</td>
<td>52%</td>
</tr>
<tr>
<td>3</td>
<td>odnoklassniki.ru</td>
<td>1.54</td>
<td>449.80</td>
<td>293</td>
<td>9h38min</td>
<td>23%</td>
</tr>
<tr>
<td>4</td>
<td>nur.kz</td>
<td>1.35</td>
<td>51.36</td>
<td>38</td>
<td>47min</td>
<td>20%</td>
</tr>
<tr>
<td>5</td>
<td>kolesa.kz</td>
<td>1.07</td>
<td>260.27</td>
<td>244</td>
<td>2h57min</td>
<td>16%</td>
</tr>
<tr>
<td>6</td>
<td>kiwi.kz</td>
<td>0.65</td>
<td>12.90</td>
<td>20</td>
<td>35min</td>
<td>10%</td>
</tr>
<tr>
<td>7</td>
<td>gismeteo.kz</td>
<td>0.52</td>
<td>11.12</td>
<td>21</td>
<td>18min</td>
<td>8%</td>
</tr>
<tr>
<td>8</td>
<td>total.kz</td>
<td>0.46</td>
<td>3.03</td>
<td>7</td>
<td>9min</td>
<td>7%</td>
</tr>
<tr>
<td>9</td>
<td>krisha.kz</td>
<td>0.41</td>
<td>41.66</td>
<td>100</td>
<td>1h20min</td>
<td>6%</td>
</tr>
<tr>
<td>10</td>
<td>headline.kz</td>
<td>0.40</td>
<td>1.16</td>
<td>4</td>
<td>5min</td>
<td>6%</td>
</tr>
</tbody>
</table>

Source: gemiusAudience (age: 16+), XII.2013

The estimated number of internet users from a given target group who generated at least one Page View on the selected web site in the given month. This indicator relates to the actual number of persons (not computers, cookies, or IP addresses) who visited a web site within a given month.
Online advertising market continues its positive growth since 2010, increasing by 10-15% year by year

Mobile internet developing rapidly

E-commerce sector is growing

Weakening popularity of banner advertising – rising number of video ads

CPM is still likely to be the most attractive purchase model in 2014

The oldest users are the most active online

Kazakhs, same as users from other Russian speaking markets, love social networking

Google Display Network and rich media are gaining advertisers’ interest

Knowing the socio-demographic profile of internet audience is crucial to evaluate campaign performance
Russia is the biggest market in terms of the number of online audience not only among Russian speaking markets but also in the whole CEE region – almost 67m internet users in December 2013 older than 18 years. Internet penetration in this age group is 57%.

Chart 7. **Internet penetration in Russia**

- 2012: 44%
- 2013: 51%
- 2014: 57%

Source: FOM (age: 18+), III.2012-XII.2013

However, it is still television that is the most popular medium for advertisers in Russia, the internet is the fastest growing channel.

**Internet on the second position, after TV, regarding the split in the media mix**

If we are talking about the media market in general, regarding the study made by Sergey Veselov from ACVI, market grew approximately by 10%, to EUR 7.6 billion. Interestingly, it is almost the same value as noted for the market in 2008, so the economic crisis that we were dealing with in past years slowed down its development. The internet is the fastest growing channel with 27% growth in 2013 in comparison to 2012. Currently, the internet in Russia is the second most popular medium after TV in terms of the media mix split.

Anton Melekhov, Country Manager, Gemius Russia

**Telecom, Automotive and FMCG industries spend the most on online advertising**

Among the top 20 advertisers with the highest online budgets there are companies from automotive, telecom, FMCG, e-commerce (fashion), home and finance industries, according to Adindex.ru for Kommersant. Nissan has the biggest budget for online advertising – EUR 18.4m, the second one is telecom company MegaFon (EUR 11.6m) and the third place belongs to Volkswagen with EUR 8.8m. The top spender from the FMCG sector was Mars Russia with online budget amounting to EUR 5.6m.

Anton Melekhov, Country Manager, Gemius Russia
Users Engagement in the Online Activities

Along the steady growth of the internet population in Russia we can observe gradual decrease in users’ involvement in the web. In 2013, compared to 2012, the average Russian internet user spent around 39 minutes less time online (around 43 hours and 36 minutes per user per month), and generated on average 94 page views less – this is due to the increasing mobile phone use in Russia.

Source: gemiusAudience (age: 18+), XII.2012, XII. 2013, desktop users

Growing Popularity of Mobile Devices

When explaining the decrease of involvement of Russian internet users in the web, the use of the internet on mobiles has to be taken into consideration. Users in Russia spend more and more time browsing the internet via mobile devices, which is affecting their consumption via desktop. According to the European Digital Landscape 2014 report, mobile internet penetration in Russia is at 37%. Russians spend 1 hour and 26 minutes daily browsing the internet on mobile devices, and 4 hours and 45 minutes on regular PCs.

Paweł Mazurek, Regional Manager, Gemius

Source: gemiusRanking, I.2011 – I.2014
Mobile advertising is the future

Russia was the world's sixth most dynamic market for mobile ad requests and impressions on the Opera Mediaworks platform in the second quarter of 2013, according to the Q2 2013 State of Mobile Advertising report prepared by this Norwegian company. As J'Son and Partners Consulting data show, mobile market is expected to grow more than twice in 2015 in comparison to 2013, up to EUR 302.7m. Such forms of mobile marketing as mobile advertising, app advertising, mobile loyalty programs or mobile social media marketing are gaining popularity among advertisers in Russia.

Toms Panders, International Publishers Segment Manager, Gemius

WHO ARE RUSSIAN INTERNET USERS?

Advertisers' need detailed data on the effectiveness of campaigns

There is a noticeable change in Russian advertisers' behavior. They became more interested in measuring the effectiveness of their campaigns. They are gaining the knowledge and think carefully and check the performance of every penny spent on online campaigns. This can be observed through the increase in the number of interesting case studies appearing on the market and requests for research services. This means that more complex methods of measuring will become more popular. The traditional measurement of impressions, reach or frequency won't be enough, as they tell nothing about the user that was reached with the campaign. Measuring socio-demographic profiles of users is what they need to analyze their performance and to draw conclusions for the future actions.

Anton Melekhov, Country Manager, Gemius Russia
Chart 10. **Socio-demographic profiles of internet users in Russia**

**Gender**
- Playing games, interested in IT and sport
- Buying online, especially cosmetics
- Incomplete higher education
- Higher education
- Incomplete secondary education
- Secondary education
- Vocational education

**Age**
- 18-24
- 25-34
- 35-44
- 45-54
- 55+

**Education**
- Buying online and looking for fun
- Learning languages and visiting education services

**Place of living**
- Central Federal District
- Southern Federal District
- Volga Federal District
- Siberian Federal District
- Moscow
- Northwestern Federal District
- Ural Federal District
- St. Petersburg
- Far Eastern Federal District

**Activity**
- Interested in cooking, searching for motherhood content
- Playing games, reading about finance and electronics
- Visiting information services
- Spending time on Facebook and buying online
- Visiting local forums and information services, spending time on vk.com

**Source:** gemiusAudience (age: 18+), XII.2013
Market still needs to learn how to benefit from RTB

RTB, which enables to use wide sets of data about internet users to target an individual in real time, is gaining popularity in Russia. New players are entering the market, and what is even more, agencies are also very active in building their own RTB trading desks. But technologies here are in the “black box” and usually they just integrate Google AdExchange platform with their own interface. This means that we can't yet be talking about real RTB. The market still needs time to thoroughly understand what is RTB and how to use it effectively. However, big market players, such as P&G and Unilever, have already turned their focus on RTB, not only for display, but to even a larger extent, for video and mobile advertising.

Anton Melekhov, Country Manager, Gemius Russia

THE MOST POPULAR WEBSITES IN RUSSIA

In comparison to 2012, there are no changes in the top 5 most popular websites in RuNet. Unquestionable leaders are local horizontal portals: Yandex with 84% reach and Mail.ru with 82% reach. Yandex is also the leader when it comes to users engagement. An average user spent 8 hours 10 minutes on this portal and generated 206 page views.

Russian user loves social networks

Russia is the country, where people love social networks. Social network vkontakte.com is closing the top 3 ranking with a reach of 68%. Apart from it, there is another local social network in the top 10 ranking, odnoklassniki.ru, with 54% reach; facebook.com is closing this ranking with reach of 28%. According to the latest news, the owner of odnoklassniki.ru, Mail.ru Group, may take over vk.com, yet we don't expect that these two networks will be combined into one in the nearest time. The prevailing opinion is that vk.com attracts more of the younger audience, whereas odnoklassniki.ru aims older age groups (34+).

Anton Melekhov, Country Manager, Gemius Russia

93% of Russian internet users have an account on any of the social networks

The European Digital Landscape 2014 done by We Are Social proves that 93% of Russian internet users have an account on a social network (74% on Vkontakte, 66% on Facebook and 65% on Odnoklassniki). The total penetration of social media accounts for 50%, which is above the European average of 40%.

Paweł Mazurek, Regional Manager, Gemius
Table 4. **Top 10 websites in Russia by reach level**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Website</th>
<th>Number of Real Users (millions)</th>
<th>Number of page views (billions)</th>
<th>Page views per user</th>
<th>Average time per user</th>
<th>Reach</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Yandex</td>
<td>56.06</td>
<td>11.57</td>
<td>206</td>
<td>8h10min</td>
<td>84%</td>
</tr>
<tr>
<td>2</td>
<td>Mail.ru</td>
<td>55.20</td>
<td>7.82</td>
<td>142</td>
<td>4h46min</td>
<td>82%</td>
</tr>
<tr>
<td>3</td>
<td>vk.com</td>
<td>45.47</td>
<td>8.77</td>
<td>193</td>
<td>7h40min</td>
<td>68%</td>
</tr>
<tr>
<td>4</td>
<td>Google</td>
<td>42.30</td>
<td>4.20</td>
<td>99</td>
<td>4h25min</td>
<td>63%</td>
</tr>
<tr>
<td>5</td>
<td>odnoklassniki.ru</td>
<td>35.95</td>
<td>3.33</td>
<td>93</td>
<td>3h50min</td>
<td>54%</td>
</tr>
<tr>
<td>6</td>
<td>YouTube</td>
<td>34.60</td>
<td>1.61</td>
<td>46</td>
<td>1h52min</td>
<td>52%</td>
</tr>
<tr>
<td>7</td>
<td>wikipedia.org</td>
<td>25.52</td>
<td>0.67</td>
<td>26</td>
<td>43min</td>
<td>38%</td>
</tr>
<tr>
<td>8</td>
<td>ucoz.ru</td>
<td>22.76</td>
<td>0.23</td>
<td>10</td>
<td>13min</td>
<td>34%</td>
</tr>
<tr>
<td>9</td>
<td>avito.ru</td>
<td>19.37</td>
<td>2.42</td>
<td>125</td>
<td>1h32min</td>
<td>29%</td>
</tr>
<tr>
<td>10</td>
<td>facebook.com</td>
<td>18.91</td>
<td>0.53</td>
<td>28</td>
<td>51min</td>
<td>28%</td>
</tr>
</tbody>
</table>

Source: gemiusAudience (age: 18+), XII.2013

**TOP GROWING WEBSITES IN RUSSIA – BY REAL USERS GROWTH**

**Sberbank.ru gained 4.8m new users in 2013 in comparison to 2012**

Worth noticing is the fact that 7 out of 10 websites that have gained the biggest growth in 2013 in comparison to 2012 (sberbank.ru, ebay.com, rambler.ru, rg.ru, instagram.com, zoomby.ru, tiu.ru) do not appear in the top 10 websites ranking by reach. One exception is sberbank.ru with 4.8m new users. It is the biggest and oldest bank in Russia and it's very active in its online activities. The company's ad budgets for online in the last year was EUR 5.28m, according to the latest data of TOP-500 Russian Advertisers from AdIndex.

Anton Melekhov, Country Manager, Gemius Russia

**Russians eager to buy online**

Another interesting fact is that e-commerce is gaining more popularity. Apart from the American giant ebay.com, which gathered 4.6m new users, worth mentioning is tiu.ru belonging to the biggest e-commerce capital group in CEE – Allegro, which is cooperating with Mail.ru Group, with 2.9m new users.

Mateusz Gordon, International E-commerce Segment Manager, Gemius

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*The estimated number of Internet users from the given target group who generated at least one Page View on the selected web site in the given month. This indicator relates to the actual number of persons (not computers, cookies, or IP addresses) who visited the web site within a given month.*
Table 5. Top 10 websites in Russia by Real Users growth

<table>
<thead>
<tr>
<th>Rank</th>
<th>Website</th>
<th>Real Users growth, XII.2012, XII. 2013 (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>sberbank.ru</td>
<td>4.79</td>
</tr>
<tr>
<td>2</td>
<td>ebay.com</td>
<td>4.65</td>
</tr>
<tr>
<td>3</td>
<td>rambler.ru</td>
<td>4.10</td>
</tr>
<tr>
<td>4</td>
<td>Yandex</td>
<td>3.90</td>
</tr>
<tr>
<td>5</td>
<td>Mail.ru</td>
<td>3.73</td>
</tr>
<tr>
<td>6</td>
<td>rg.ru</td>
<td>3.55</td>
</tr>
<tr>
<td>7</td>
<td>ucoz.ru</td>
<td>3.54</td>
</tr>
<tr>
<td>8</td>
<td>instagram.com</td>
<td>3.39</td>
</tr>
<tr>
<td>9</td>
<td>zoomby.ru</td>
<td>2.97</td>
</tr>
<tr>
<td>10</td>
<td>tiu.ru</td>
<td>2.89</td>
</tr>
</tbody>
</table>

Source: gemiusAudience (age: 18+), XII.2012, XII.2013

Online video content websites are gaining more audience

In the whole CEE region online video content websites are gaining more audience. The same situation is visible on the Russian market. According to the data from J'Son and Partners Consulting, its share on the market in 2014 will be 8.1%, in 2015–10.3% and in 2016–12.1%. Andrey Chernyshov, Internet Business Director of Aegis Media Russia, claims that the dynamics of growth of video in Runet in 2013 was on the level of 50%-60%, and its share was between EUR 56.2 to 60.4m. The forecast for 2014, taking into consideration the economic situation and media market at large, shows that the growth of video might be somewhere at the level of 35-45%. Notably, Initiative Agency made a very interesting study last year using Gemius data for one of their clients. When comparing the effectiveness of ad campaigns on display and video, the other of the two proved to be more effective in terms of brand awareness. This study also showed that the most effective frequency for video is 3.

Toms Panders, International Publishers Segment Manager, Gemius

Video is the fastest growing segment of the media advertising market. In our view, the driver of this growth is the increasing consumption of legal video on all platforms, and the development of promotional products in the segment of the video. From the point of view of the audience, video is the second most popular activity on the internet (considering the time spent on online video sites), second only to social networks.

Dmitry Pashutin, Research Director, IVL.ru
Innovative video advertising formats are coming to the market

As part of promotional products in the market, last year saw the video reaching a new level in Russia. It offers advertisers a number of new formats for the different purposes they have. It has been proven the superior nature of contact quality in online video compared with TV. From the standpoint of campaign planning and evaluation a big step was also made towards greater transparency in purchasing advertising in online video. Worth noticing is the development of sales of video advertising on mobile devices and smart TV. Last year, Iv.ru brought an innovative clickable advertising format on smart TV’s to the market, which now enjoys great demand among advertisers. A clearly noticeable trend is the transition of users from desktop versions of sites to applications for mobile devices and smart TV. These carriers are the future of online video. With the advent of multi-platform measurements offering the opportunity to assess the audience of mobile devices and smart TVs, this trend will be the driver of growing monetization in the segment.

Dmitry Pashutin, Research Director, IVI.ru

CONCLUSIONS

- Russian users love social networks - 93% of them have an account at any of the social network
- Yandex and Mail.ru - the strongest local brands
- Internet - the fastest growing medium
- Market still needs to learn how to benefit from RTB
- Advertisers needs detailed data on the effectiveness of run campaigns
- Telco, Automotive and FMCG industries have the biggest online budgets
- Russians eager to buy online
- Sberbank.ru gained 4.8 m new users in 2013 in comparison to 2012
- Online video content websites are gaining more audience
- Mobile advertising is a future as the popularity of mobile devices is on the rise
Ukraine is the second largest country in terms of online population among the Russian speaking markets. In December 2013, the total internet population in this country amounted to 17.6m web users. Almost 52% of the country population between 14 and 69 years old has an access and uses the internet.

Similarly to Russia, TV segment of media market is still one of the most attractive for advertisers, and the share belonging to it is still the most significant one in the general structure of the media sales market. Despite this fact, Ukrainian internet audience continues to grow and this encourages advertisers to be more active in the online world.

**Shifting TV advertising budgets to online**

In Western markets, online TV streaming services are gaining popularity and the traditional TV viewership shrinks. We still have some way to go here in Ukraine, however, advertisers are aware of this trend and they notice the big potential in online advertising. In 2013 the transition of TV budgets to online amounted to 10-15%. Moreover, online is attractive for advertisers due to low cost of reaching the target audience. Advertisers’ goal is to ensure maximum coverage of the target audience using all formats of online ads. They are pleased with the results of online promotion that is why they are increasing their investments in online advertising.

Lesya Prus, Country Manager, Gemius Ukraine

**Wide reach of target groups possible in Ukrainian internet**

Technology development in online advertising, especially creating various types of targeting (behavioral, socio-demographic, look-alike) allows for a strictly customized approach to both, the users from Publisher's side, and consumers from Advertiser's side. The opposite trend triggered online planning of big campaigns - wide reach of target groups became possible with the growth of internet penetration in Ukraine and the diffusion of the global trends from head offices of international brands into digital.

Julia Tribushnaya, Sales Director, UMH Digital
Accountability, effectiveness and efficiency of internet media planning and buying becomes a priority for advertisers

The principal change is the adoption of programmatic era on the Ukrainian internet: ecosystem development, pilot campaigns using data, bidding tools and advanced analytics. GroupM is doing its best to be at the cutting edge of this revolution, launching targeted buying solutions, trading desk for video inventory, performance marketing brand Quisma, bidding tools for social ads and paid search optimization. Definitely these changes will bring more accountability, effectiveness and efficiency to the internet media planning and buying which now becomes of core priority for advertisers.

Anton Kopytov, CEO Ukraine, Belarus, Moldova, GroupM

USERS ENGAGEMENT IN THE ONLINE ACTIVITIES

Comparing to Russia, Ukraine internet users are far less engaged. An average Ukrainian internet user spends monthly 37 hours 9 minutes online and generates 1424 page views in comparison to 43 hours 36 minutes and 1592 page views in Russia.

Chart 12. **Users engagement in Ukraine**

<table>
<thead>
<tr>
<th>Average time spent per user (h:m)</th>
<th>Average number of page views per user</th>
</tr>
</thead>
<tbody>
<tr>
<td>37:09</td>
<td>1424</td>
</tr>
</tbody>
</table>

Source: gemiusAudience (age: 14-69), XII.2013, desktop users

Mobile traffic in Ukraine is slowly but steadily growing

Ukrainian internet users spend their time online not only on traditional PCs, also mobile devices are gaining popularity. As our research shows, in December 2013 the mobile traffic constituted 4% of all online traffic in the country. In December 2012 it was only 2%. Still, comapring especially to Western countries, where mobile traffic exceedes 30%, those numbers are not impressive, but we are expecting them to grow. Mobile advertising services are gaining ground, e.g. according to mmr.ua promotion through mobile applications in Ukraine is currently in trend.

Lesya Prus, Country Manager, Gemius Ukraine

Advertisers become more platform neutral in their preferences

Advertisers become more platform neutral in their preferences: planning video simultaneously on traditional TV, online and mobile platforms; demand better targeting for their prime prospects; utilisation of proper data in planning and buying.

Anton Kopytov, CEO Ukraine, Belarus, Moldova, GroupM
WHO ARE UKRAINIAN INTERNET USERS?

Online population is ageing

In Ukraine, the process of ageing online population is the most visible among the all the Russian speaking markets – in comparison to 2012 in 2013 the number of internet users above 45 year old grew by 4 percent points from 18% to 22%.

Lesya Prus, Country Manager, Gemius Ukraine

Chart 13. Socio-demographic profiles of internet users in Ukraine

Source: gemiusAudience (age: 14-69), XII.2013
THE MOST POPULAR WEBSITES IN UKRAINE

In comparison to December 2012, there are no big changes among the top three most popular websites in Ukraine. Google.com, a global search engine, consolidated its market position as the leader in 2013 and reached 66% of Ukrainian internet population. The second place belongs to mail.ru, originating from Russia, with 59% reach, and third one to Russian social network, vk.com with 58%.

Ukrainians love social networks

Ukrainians, same as in other Russian speaking markets, love social networking. Among the top ten websites there is vk.com with 58%, facebook.com with 31% reach and odnoklassniki.ua with 29% reach. However, it is odnoklassniki.ua that engages the users most. An average user spends on this website 17 hours 49 minutes and generates 563 page views monthly. Taking into consideration the socio-demographic profiles of social networks users, especially on portals of Russian origin, vk.com and odnoklassniki.com, women constitute majority of users, 54% and 59%, respectively. In terms of age, young people under 35 years old prevail.

Pawel Mazurek, Regional Manager, Gemius

Table 6. Top 10 websites in Ukraine by reach level

<table>
<thead>
<tr>
<th>Rank</th>
<th>Website</th>
<th>Real Users(^1)</th>
<th>Page views (Bln)</th>
<th>Page views per user</th>
<th>Average time per user</th>
<th>Reach</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>google.com</td>
<td>11.56</td>
<td>1.67</td>
<td>145</td>
<td>6h15min</td>
<td>66%</td>
</tr>
<tr>
<td>2</td>
<td>mail.ru</td>
<td>10.34</td>
<td>1.63</td>
<td>158</td>
<td>4h28min</td>
<td>59%</td>
</tr>
<tr>
<td>3</td>
<td>vk.com</td>
<td>10.24</td>
<td>1.48</td>
<td>145</td>
<td>6h25min</td>
<td>58%</td>
</tr>
<tr>
<td>4</td>
<td>yandex.ua</td>
<td>8.84</td>
<td>1.16</td>
<td>131</td>
<td>5h22min</td>
<td>50%</td>
</tr>
<tr>
<td>5</td>
<td>youtube.com</td>
<td>8.04</td>
<td>0.35</td>
<td>44</td>
<td>1h28min</td>
<td>46%</td>
</tr>
<tr>
<td>6</td>
<td>wikipedia.org</td>
<td>5.81</td>
<td>0.10</td>
<td>18</td>
<td>30min</td>
<td>33%</td>
</tr>
<tr>
<td>7</td>
<td>facebook.com</td>
<td>5.45</td>
<td>0.28</td>
<td>51</td>
<td>2h5min</td>
<td>31%</td>
</tr>
<tr>
<td>8</td>
<td>ucoz.ru</td>
<td>5.20</td>
<td>0.09</td>
<td>18</td>
<td>21min</td>
<td>30%</td>
</tr>
<tr>
<td>9</td>
<td>odnoklassniki.ua</td>
<td>5.02</td>
<td>2.82</td>
<td>563</td>
<td>17h49min</td>
<td>29%</td>
</tr>
<tr>
<td>10</td>
<td>megogo.net</td>
<td>4.53</td>
<td>0.06</td>
<td>13</td>
<td>13min</td>
<td>26%</td>
</tr>
</tbody>
</table>

\(^1\)The estimated number of Internet users from a given target group who generated at least one Page View on the selected website in the given month. This indicator relates to the actual number of persons (not computers, cookies, or IP addresses) who visited a website within a given month.

Source: gemiusAudience (age: 14-69) XII.2013
TOP GROWING WEBSITES IN UKRAINE – BY REAL USERS GROWTH

Growing popularity of video ads

Online video content is becoming more popular among Ukrainian internet users, thus advertisers are increasing their interest in serving online video ads. Online video ads are aiming to reach TV (on inventory) in the next 5 years.

Toms Panders, International Publishers Segment Manager, Gemius

The need for new formats and advanced inventory

The rising popularity of video on the internet is a visible trend in the Ukrainian digital landscape. The growing demand from advertisers forced vendors to offer new formats and advanced inventory, in order to plan online campaigns, comparable to the TV.

Julia Tribushnaya, Sales Director, UMH Digital
### Table 7. Top 10 websites in Ukraine by Real Users growth

<table>
<thead>
<tr>
<th>Rank</th>
<th>Website</th>
<th>Real Users growth, XII.2012, XII.2013 (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>megogo.net</td>
<td>2.99</td>
</tr>
<tr>
<td>2</td>
<td>warthunder.ru</td>
<td>1.13</td>
</tr>
<tr>
<td>3</td>
<td>slando.ua</td>
<td>1.04</td>
</tr>
<tr>
<td>4</td>
<td>mail.ru</td>
<td>0.92</td>
</tr>
<tr>
<td>5</td>
<td>tsn.ua</td>
<td>0.92</td>
</tr>
<tr>
<td>6</td>
<td>pravda.com.ua</td>
<td>0.79</td>
</tr>
<tr>
<td>7</td>
<td>youtube.com</td>
<td>0.71</td>
</tr>
<tr>
<td>8</td>
<td>instagram.com</td>
<td>0.69</td>
</tr>
<tr>
<td>9</td>
<td>radiosvoboda.org</td>
<td>0.69</td>
</tr>
<tr>
<td>10</td>
<td>privatbank.ua</td>
<td>0.64</td>
</tr>
</tbody>
</table>

*Websites from top 200 ranking in XII.2013 with the highest real users growth

Source: gemiusAudience (age: 14-69), XII.2012, XII.2013

### 30-35% year to year growth of e-commerce sector

Another clearly visible trend on the Ukrainian digital market is the increasing role of e-commerce. The e-commerce sector is growing at about 30-35% a year. Worth noticing is that Allegro Group, which is the biggest e-commerce capital group in CEE, is active on the Ukrainian market as well. Two portals belonging to its portfolio: slando.ua (22% reach) and aukro.ua (13% reach) are experiencing a boosting reach among the Ukrainian internet users. Moreover, Ukrainian shops are discovering the mobile sales channel, but the number of transactions performed this way is still very low. In 2013 the transition process from the CPC to the CPA model ('cost per action' or 'payment for order') at price comparison sites began.

Mateusz Gordon, International E-commerce Segment Manager, Gemius
CONCLUSIONS

- Internet – the fastest growing medium
- Ukrainians love social networks
- The adoption of programmatic era in Ukrainian internet
- Accountability, effectiveness and efficiency of internet media planning and buying becomes a priority for advertisers
- Mobile traffic in Ukraine is slowly but steadily growing
- 30-35% year to year growth of e-commerce sector
- Shifting from CPC to the CPA model on price comparison sites
- Online population is ageing
- Growing popularity of video ads forces sellers to create new formats and advanced inventory
- Advertisers become more platform neutral in their preferences
METHODOLOGICAL NOTE

The general market overview provided in the report is based on data acquired with an international internet study measurement (gemiusAudience) conducted by Gemius in more than 30 countries. It aims to research into the number and demographic profile of internet users and the manner in which they utilize the web. The study is performed according to a Gemius proprietary hybrid methodology and in accordance with the ICC/ESOMAR international code of conduct. In Belarus, Russia and Ukraine Gemius conducts the internet study measurement with the use of the fusion methodology and in Kazakhstan with the cookie panel. The internet study measurement that Gemius conducts in Kazakhstan include only local websites. In Russia, Ukraine and Belarus both, local and global websites are being measured.

Another source of data is gemiusRanking, a service which is a collection of 22 websites presenting data based on Gemius internet sites traffic measurement conducted in Belarus, Bosnia & Herzegovina, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Hungary, Latvia, Lithuania, Macedonia, Moldova, Poland, Portugal, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey, Ukraine, as well as the MENA region. The study includes rankings of browsers, search engines, operating systems, mobile devices and online population preferences in terms of technical parameters of the tools they use to browse the Web (screen resolution, colour depth, or Flash version).

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