CULTURE AND CULTURAL INDUSTRIES IN RUSSIA, 2017–2019

- Financial metrics of cultural industries
- Ratings of the largest organizations of cultural industries in Russia and the world
- Basic flow chart for the cultural sector

InterMedia Communications

Intellectual Property Council of the Chamber of Commerce
and Industry of the Russian Federation

CULTURE AND CULTURAL INDUSTRIES IN RUSSIA, 2017–2019

Comprehensive Research Results

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Contents

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1. INTRODUCTION

The study of the cultural sector and cultural industries in the Russian Federation has largely been confined to academic audiences until recently – despite a considerable amount of authoritative work on this topic having been done; and, in practice state regulation and statistics still use the terminology and approaches of 1930s and 1940s.

This situation negatively affects the development of the cultural industries, as well as the effectiveness of government support for the cultural sector. In this regard, in April 2017, the Working Group on the Commercialization of Intellectual Property Council's results of intellectual activity of the RF CCI (hereinafter, the Working Group) together with communications sector holding company InterMedia began work on preparation of proposals to change the law on culture. The urgency of the problem was soon confirmed at the highest level: the President of the Russian Federation, Vladimir Putin spoke about the necessity of drafting a new Law on Culture in December 2017 at the meeting of the Presidential Council for Culture and Arts.

The Group's work started with a comparative analysis of approaches to assessment of the economy of culture in developed and emerging countries (see fig. 18 'Differences in approaches to assessment of the economy of culture in different countries' on page 41). The key points of the cultural sector were determined and taken into consideration: modular structure, aversion to hierarchy and regulation, the high proportion of individual creative activity, the variability and diversity of processes, which are difficult to divide into planning, and production and implementation stages, as opposed to other industries. The media used for communication between creators and audience in each of the segments, even those close in style and origin, often differ principally, dynamically and unpredictably, changing both at the national and international levels.

In May 2017, the Working Group prepared the preliminary conclusions of the study, suggesting that the determination of its limits, structure and the development of adequate terminology should be a matter of priority in the examination and state regulation of the cultural industries.


Photo: shutterstock.com / Piotr Piatrouski

2. THE DEFINITION OF 'CULTURE'

There are many definitions of 'culture' in history, literature, science and state regulatory practice, but no universally agreed and approved one.

The Working Group studied contemporary state regulation and administrative practise in a number of developed and emerging countries. By far the majority of countries declare support for culture, but the term refers to differing activities in different countries, usually officially determined by means of causal narration, i.e. citation. All countries acknowledge activity in the realm of the creation and circulation of works of art and literature, as well as the protection of heritage as the foundation of the cultural sector. At the same time, one will also encounter the **organisation of leisure activities, education, mass media, sport, religion, information technology** among other, according to the traditions of different societies, and their level of education, economy, politics, technology etc. (see fig. 19 'Definitions of cultural industry and its structure in various countries of the world' on pages 42–47).

Having summarized the existing definitions, the Working Group proposed to distinguish two definitions of 'culture': general (civilizational) and institutional (applicable to state regulation and administration practices).

Fig. 1. Definitions of culture

Type of definition	Content	Commentary
General (civilizational)	An aggregate of the results of socially useful human activities	Applicable to humankind in general and to sustainable human groups (societies, social groups), as well as to individuals.
Institutional (usually: cultural sector)	Full span of results of activity of residents in the realm of art, culture heritage etc.*	Applicable to state regulation, legislation, accounting, statistics.

** Activity types are determined according to the historical and cultural traditions of societies and social groups.*

3. CREATIVE ACTIVITY AND FINE ARTS AS THE BASIS OF THE CULTURAL SECTOR

Fine arts form the basis of the cultural sector (the institutional definition is hereinafter used), but also lack a common definition. At the same time, the need for an unambiguous interpretation of the concept of 'work of art' became a pressing issue as early as the 19th century. This interpretation appeared in 1886 (it should be noted – in the list in causal narration as well) in the **Berne Convention for the Protection of Literary and Artistic Works**, which became the foundation for national legislation in the cultural sector:

'The expression 'literary and artistic works' shall include every production in the literary, scientific and artistic domain, whatever may be the mode or form of its expression, such as books, pamphlets and other writings; lectures, addresses, sermons and other works of the same nature; dramatic or dramatico-musical works; choreographic works and entertainments in dumb show; musical compositions with or without words; cinematographic works to which are assimilated works expressed by a process analogous to cinematography; works of drawing, painting, architecture, sculpture, engraving and lithography; photographic works to which are assimilated works expressed by a process analogous to photography; works of applied art; illustrations, maps, plans, sketches and three-dimensional works relative to geography, topography, architecture or science.'

(In the version of 1979)

Observations:

1. The name of Convention might suggest that its creators do not think that literature is art. However in this case, it is about the interpretation of the term 'fine arts' in the 19th century. As is known, the term was interpreted differently from century to century and from country to country. It was supposed then that a small number of representatives from the elite would deal with the Convention, who at the time habitually included painting, sculpture, architecture, music and poetry in the term 'Fine Arts', as well as the performing arts: theatre and dance. The term 'fine arts' did not extend to art forms such as applied and decorative arts, design, circus, folk music and so on. Literature (prose) was considered an important but separate phenomenon, which is why it was mentioned separately in the specification of the scope of the Convention. Upon further continuous large scale enrichment of the document by new forms of artistic works the change of name no longer made sense.
2. The list contains certain types of artistic works, originally not related to artistic expression, in particular, scientific works, geographical maps etc. In the 19th century, this was dictated by the urgent need to defend the intellectual property of these works. It has currently lost its relevance, but it was decided that these mentions would not be deleted in light of the continuity of tradition.

Afterwards, the Rome Convention of 1961 laid the foundation for the protection of the rights of performers, phonogram producers and broadcasting organizations, i.e. rights related to copyright. It developed and entrenched definitions related to works of art and creative process per se.

The Working Group has also given special attention to the term "creative activity". The term has a clear definition: intellectual activity creating new and unique products. At the same time, in regulation, this definition is often applied not only to works of art, but to the results of intellectual activity in spheres of science, invention, the optimisation of production, and other technologies transforming the world around us and society. The Working Group highlights the fact that none of the existing classifications of the results of intellectual activity (RIA) (see Annex 1) consider the principal difference of RIA in the realm of fine arts: its purpose is not in solving practical tasks but **in interpersonal communications through means of artistic expression**.

Fig. 2. Groups and types of RIA

Group of RIA	Purpose	Types of RIA
Practical RIA	The transformation of nature and society	scientific works computer software inventions useful models pre-production prototypes selection inventions layout designs of integrated circuits know-how databases
Creative RIA	Interpersonal communication with use of means of artistic expression	literary and artistic works performance sound recording broadcast of radio- or TV programs

In view of this, the Working Group proposed the introduction of the category **'creative results of intellectual activity' or CRIA** (in this case 'creativity' refers to the 'artistic creativity') for a number of results of intellectual activity specified in Russian legislation and international norms.

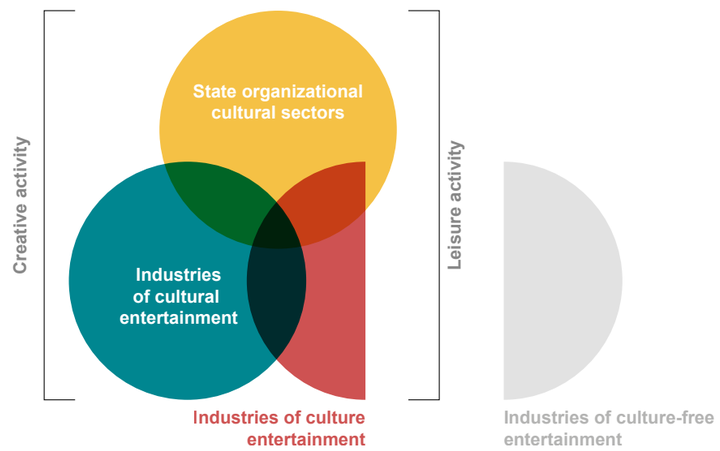
The Working Group supposes that this is precisely the approach that allows for the identification of the boundaries and structure of the cultural sector, estimation of investments and expenditures, forecasts and stimulation of the industry development with maximum accuracy.

4. CULTURAL SECTOR IN RUSSIA

In the next phase, the Working Group and InterMedia prepared a summary report on the state of the cultural sector in the RF:

- The cultural sector in the RF is not defined officially; the institutional definition is not established in legislation.
- The RF cultural sector has creative and leisure constituents, each of which has state and nonstate segmentation.
- Traditionally, the cultural sector of the RF does not include:
  - public, political and religious activities;
  - sport;
  - education (except for cultural educational establishments);
  - science and technology, research, invention and innovation;
  - production;
  - trade;
  - transport;
  - domestic services;
  - food services;
  - culture-free leisure (gambling, group drinking, hunting, fishing etc. The definition of certain types of leisure as 'cultural' or 'culture-free' is determined federally or locally).
- The hallmark of the RF cultural sector at this historical stage is its historically exclusively high proportion of state activity in a majority of the segments.
- The Russian legislation on culture is imperfect and fragmented, uses dated terminology and needs essential revision subject to existing practice and real goals.

Fig. 3. The general structure of the cultural sector in the RF



Source: InterMedia

5. CULTURAL, CREATIVE AND LEISURE ACTIVITY

The Working Group defined categories of cultural activity and industries:

Creative activity is the aggregate industries in which access to the results of creative intellectual activities is the determining factor for the consumption of goods and services.

The creative economy (creative industries) is industries, in which the decisive factor for the consumption of products and services is access to the creative results of intellectual activity.

Leisure activity is holding public events of all types, the work of clubs, tourism, all types of games, museum and exhibition activity relating to history, local history, nature, science, technology, as well as all other activities, not based on the creative results of intellectual activity.

The leisure economy (leisure industries) is industries, in which the decisive factor of products and services consumption is the demand for cultural leisure types (access to creative results of intellectual activity is not the decisive factor).

Commentary:

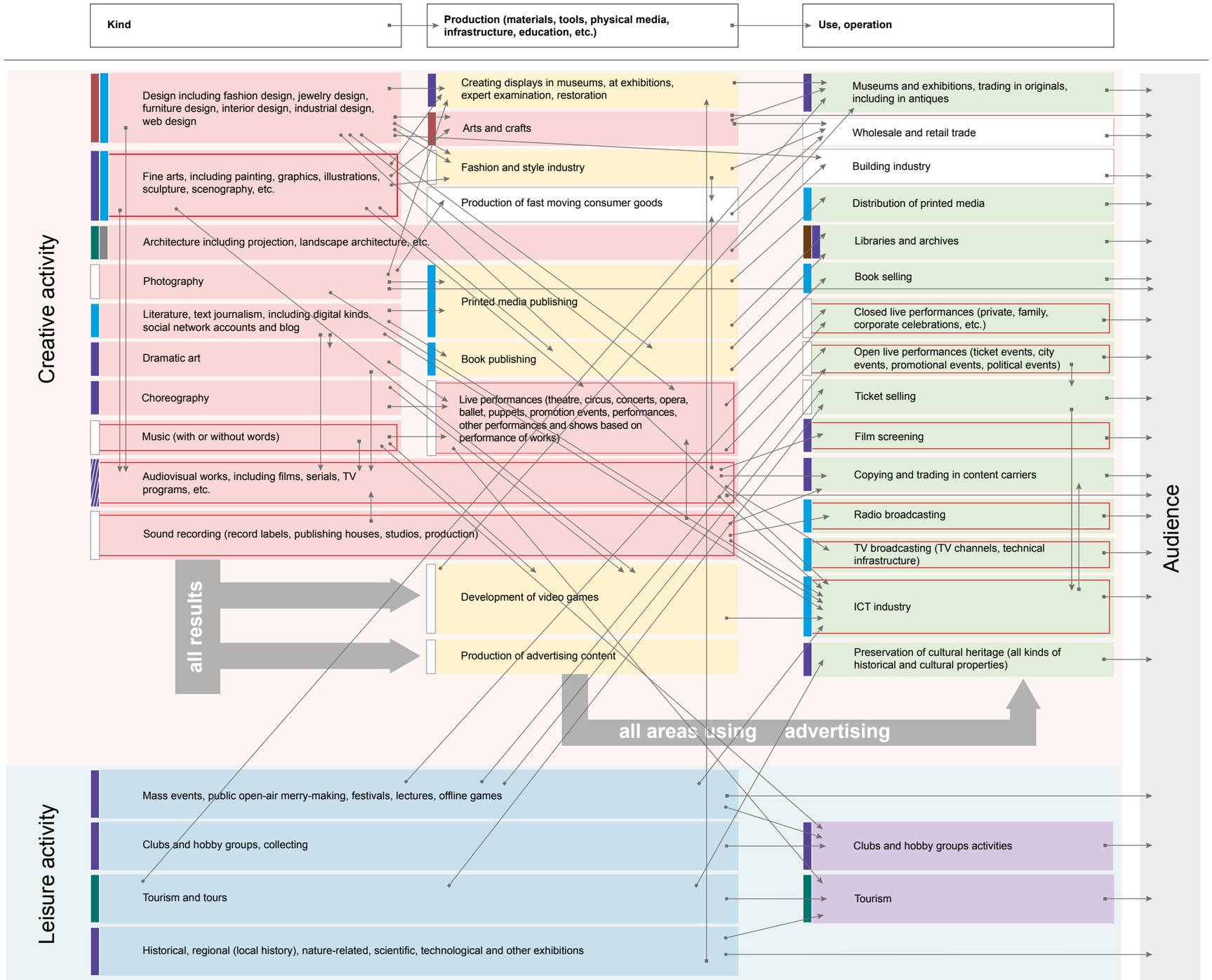
- It was decided not to use the naturalized term for creative industries (креативные индустрии) due to the complete convergence of meanings with the vernacular term (творческие индустрии).
- Some of the Working Group members expressed the opinion that creative activity should encompass only the creation of works and other RIAs. It was proposed to address the distribution and use of works of art, i.e. the cinema industry, TV channels, ticketing, production and selling of printed goods, storage media, e-commerce of records, online cinemas, stream media, etc. in a separate sector of the cultural industries.

The Working Group also elaborated the draft flowchart for the cultural sector (see on pages 8–9).


Photo: shutterstock.com / aerogondo2

Fig. 4. Basic flowchart for the cultural sector

Project of November 01, 2019



Notes on the Flowchart

The flowchart represents the sequence of processes (from left to right): from planning and creation to the audience. The blocks are located according to similarity of processes where possible. Origination timeline, style and genre succession, economic indicators, and so on are not taken into account in this form of the flowchart.
Segments that are suggested for inclusion in the cultural sector are marked by colored elements.

Segments in which results of creative activities are created (produced, copied). As a rule, the Law on Copyright and Related Rights applies to them.

Activities related to the use of creative IAR. Both commercial marketing (sales, rent) and free of charge distribution for various purposes (political, advertising, private sharing, web services, etc.) are included in them. These activities are not creative but often being an inalienable part of creative industries, providing their economic basis. The Law on Copyright and Related Rights applies to some of them.

Kinds of cultural activities not related to using creative IAR.

Framework

Segments in which collective management of rights is used.

Important ties arising in the course of work's production and distribution are indicated by arrows. Less important ties are not indicated, but it is supposed that currently practically all sectors in culture are interrelated.

***Spectacular live performances** includes performances by both professional and nonprofessional groups and artists.*

***The advertising industry** is based on the technical placement procedure, at the expense of which its turnovers are formed, and in view of that, only its first stage – the production of all kinds of advertising content – is referred to as creative industries.*

***He ICT-industry** (the information and communication technology sector) comprises the production and sale of household electronics and other equipment providing creative content; communications and telecommunications; services providing access to digital networks; the development of software; network and operator resources; data centers; network resources and services, including websites, social networks, messenger apps, streaming and other content delivery systems.*

***Activities of state and local authorities, educational, non-governmental and other organizations related** to creativity and leisure, are not presented in the flowchart as they are an inalienable part of all indicated aforementioned of activities.*

Regulators

- *Ministry of Culture*
- *Ministry of Economic Development*
- *Ministry of Digital Development, Communications and Mass Media*
- *Ministry of Industry and Trade*
- *Ministry of Construction Industry, Housing and Utilities Sector*
- *The Federal Archival Agency*
- *No regulator*
- *Partly regulated*

Source: InterMedia

6. ICT INDUSTRY AS THE KEY SEGMENT OF CULTURAL SECTOR

The cultural industry study pays particular attention to the **ICT industry – the information and communication industry**, encompassing the production and sale of home electronics and other equipment providing the delivery of creative content; communications and data transmission; digital circuits access services; building software; network and operational resources; data centers; network resources and services, including sites, social media, messengers, streaming and other systems for content delivery. The ICT industry owes its origins and rapid development to post-war rapid population growth, the well being of the population, accompanied by faster growth in the demand for cultural products and services.

Since the 1950s, information technologies have been refined in scientific laboratories and classrooms, and by the end of the 1980s, the fruits of these were made available to a mass audience in developed, and afterwards, developing countries. This was a landmark event for the cultural industries: the consumption of creative content and entertainment via ICT infrastructure increased greatly in just one decade, and ICT corporations took control of all cultural production that could be digitalized. This greatly transformed the global cultural landscape:

1. Free access to video, music, photography, texts, games and other cultural content became the main driver of ICT industry growth.

2. Practically all modern household electronic appliances (from audio, video and TV-sets to computers, smartphones, tablet PCs, phones and other gadgets) are specially designed for maximally convenient access to creative content and cultural services.

3. Creative content consumption makes up to 50–60% of the total operation time of users' equipment, up to 70–80% of global Internet traffic, and up to 80% of the capacity of the technical infrastructure.

4. The traffic and revenues of social networks, search engines and other big web resources are mostly generated by creative content.

5. Gaming environments of the ICT sector are one of the most common ways to spend leisure time.

6. Some estimates suggest that a significant part of the revenue of the ICT industry is generated by creative content and entertainment.

Photo: shutterstock.com / Paolo Bona

It follows that networking, education, science and other functions, declared earlier as key for the ICT industry, became of secondary importance in the past decades and are not a priority for it. Currently, the ICT industry is first and foremost a system for delivery of creative content and entertainment to the public, being as such the main segment of the cultural industries.

Bill Gates wrote about exactly this in his article 'Content is King' (published on his personal website on January 3, 1996, later deleted):

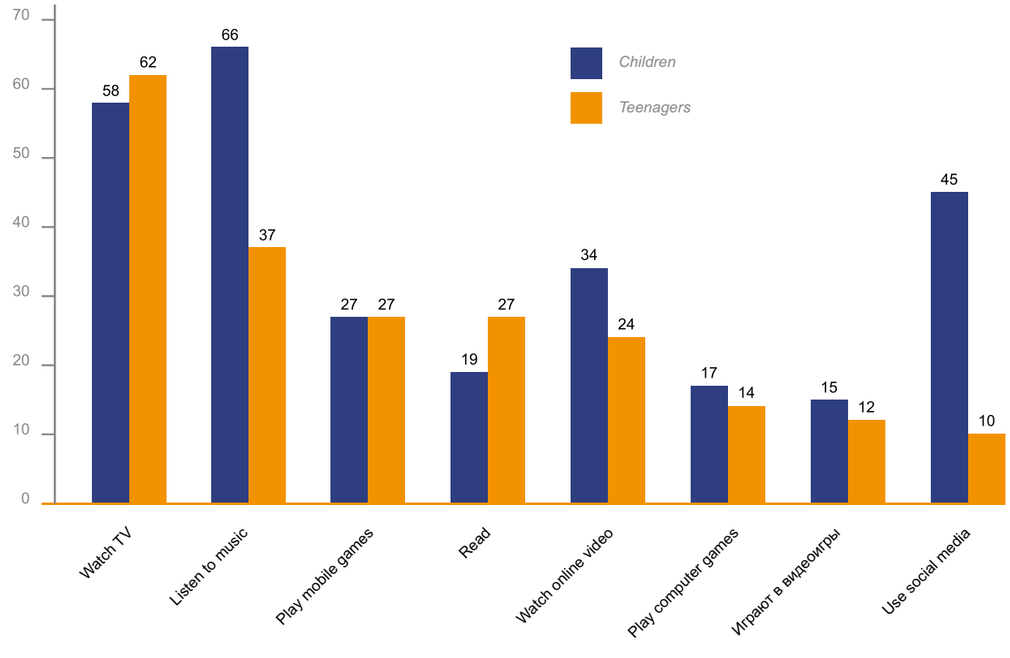
'In a sense, the Internet is the multimedia equivalent of the photocopier. It allows material to be duplicated at low cost, no matter the size of the audience.The Internet also allows information to be distributed worldwide at basically zero marginal cost to the publisher… But the broad opportunities for most companies involve supplying information or entertainment... Those who succeed will propel the Internet forward as a marketplace of ideas, experiences and products – a marketplace of content.

Content is where I expect much of the real money will be made on the Internet, just as it was in broadcasting (radio and TV – note by InterMedia)...'

Below are the results of research visually showing the place of the ICT industry in the cultural sector.

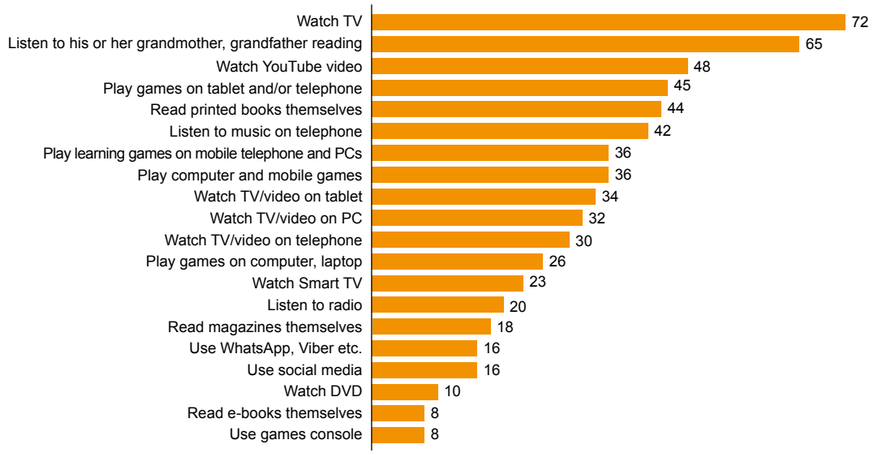
Thus, currently the cultural sector – independent of systems and approaches – is not so much an aggregate of authors and approaches, theatre and concert companies, halls, movie theatres, exhibitions,

Fig. 5. Daily use of consumer electronics by children (9–12 years old) and teens (13–19 years old) in the USA in 2015, %



Source: Common Sense

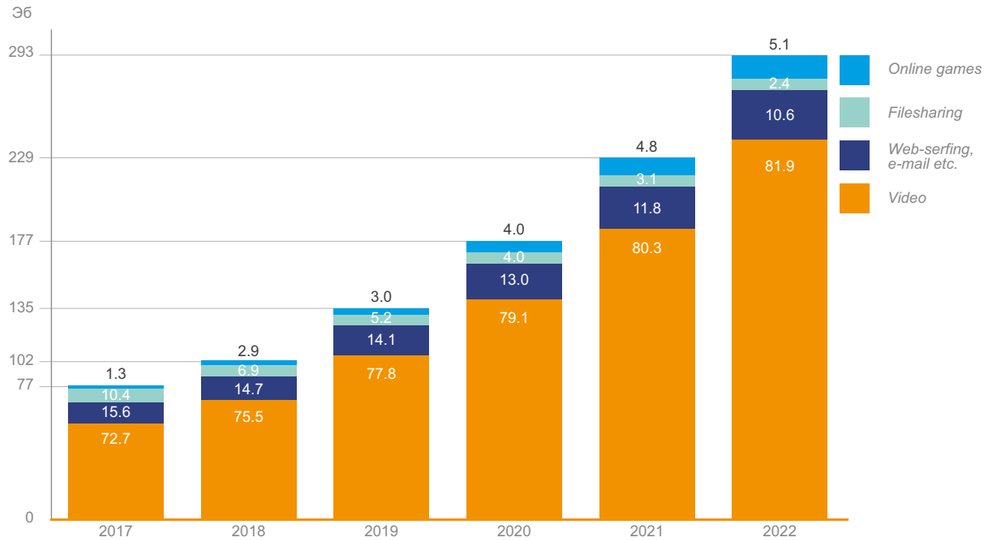
Fig. 6. Media leisure of children under 12 in Russia, 2017, %



Commentary: Polls covered parents of children aged 0 to 12

Source: MOMRI

Fig. 7. Volumes and proportions of the use of global internet traffic by segments, 2017–2022, %



Source: Cisco

Commentary: 2019–2022 data are forecasts
EB – Exabyte (information unit equal to 10^{18} bytes)

Fig. 8. Monthly use of mobile devices, 2013–2018

Segment	2013	2018
Monthly traffic, GB	0.4	3
Video, hrs	2	20
Audio, hrs	2	10
Number of video calls	5	10
Number of downloaded apps	2	20

Source: Cisco

libraries, etc., as an aggregate of devices and technologies, petabytes of information, hundreds of millions of files with recordings, broadcasts, leisure services used by billions of people. Thus, the direction and pace of development of the cultural economy of the world are defined by the ICT industry, while the leading corporations of the industry literally in a couple of decades have become world leaders in terms of capitalization, and economic and political influence.

7. ICT-CREATIVITY

A model example is the great efforts of the biggest IT companies to participate in the production of creative content, most often by the acquisition of producers or mergers with them. For instance, the Japanese multinational corporation Sony, manufacturer of electronics and other high-tech products, has been intensively developing creativity assets since the end of 1980s, in particular having merged Sony Music Entertainment in 1988 into CBS Records company, and in 2004, Bertelsmann; acquiring in 1989 Columbia Pictures and TriStar Pictures, and creating Sony Pictures. The leader of the United States telecom market, AT&T bought the Time Warner conglomerate in the middle of 2018 together with the Time magazine, Warner Bros. Entertainment, CNN, HBO, CW and other TV channels, creating a new called WarnerMedia. The largest international telecoms company Comcast bought NBC Universal in 2011 together with Universal Pictures, Illumination Entertainment, DreamWorks Animation, the television company, NBC and others.

Leaders in the global economy, Apple, Alphabet (Google) and Amazon – have taken a different course: they actively develop their own creative content services. In 2007, for example, an Apple TV set-top box was introduced, and in 2019, the Apple TV Plus video service was launched. In 2019, Google rebranded YouTube Red; the service has become YouTube Premium, which is a video platform that allows users to watch clips, films, series by subscription with no adverts. Amazon.com created its own video service – Prime Video – in 2006, and in 2010 started participating in content creation by establishing the Amazon Studios subsidiary, which focuses on content production and distribution.

Other large international corporations, aiming at international mass market, also stepped in to participate in the redistribution of creative industries.

Fig. 9. The world's largest organizations working in the cultural industries

No.	Organization	Brands *	Country		Income in 2018, mln US$	Income source **
1	Apple Inc.	iPhone, Mac, Apple TV, Apple TV Plus, iPad, ...	USA		265,595	iPhone – 67% Services, incl. App Store and AppleCare – 14% Mac – 10%
2	Amazon.com, Inc.	Amazon.com, Amazon Kindle, Alexa, Amazon Studios, Amazon Prime Video, IMDb, Twitch …	USA		232,887	Online commerce – 53% Collaboration sales – 18% Cloud services – 11%
3	AT&T, Inc.	AOL, WarnerMedia, Warner Bros., New Line Cinema, Warner Bros. Interactive Entertainment, Cartoon Network, Adult Swim, Time Inc., HBO, DC Comics ...	USA		170,756	Mobile telecommunication – 41% Cable, satellite, digital TV – 19% Corporate communication – 16%
4	Daimler AG	Mercedes-Benz, Daimler, Smart, Mercedes-Benz TV, Mercedes-Benz Fashion Week	Germany		167,705	Passenger cars – 53% Trucks – 22% Financial services – 15%
5	Alphabet Inc.	Google, AdSense, YouTube, YouTube TV, YouTube Music, YouTube Premium, Google Play, Chrome, Android TV, Stadia, Gmail ...	USA		136,819	Advertising – 85%
6	Verizon Communications, Inc.	Verizon Wireless, Verizon High Speed Internet, Yahoo! Search, Yahoo! Messenger, Yahoo! Sports, TechCrunch, MapQuest, HuffPost ...	USA		130,863	Wireless telecommunication – 69% Wire telecommunication – 23% Corporate communication etc – 8%
7	Microsoft Corporation	Windows, Xbox, Xbox Game Studios, Azure, Bing, LinkedIn, Office 365, Skype, Media Center ...	USA		110,360	User services – 38% Professional services – 32% Cloud services – 29%
8	Comcast Corporation	Comcast Network, USA Network, NBCUniversal, Universal Pictures, Syfy, DreamWorks Animation ...	USA		94,507	Cable TV – 24% Internet access – 18%
9	Sony Corporation	Sony Interactive Entertainment, PlayStation, Sony Music Group, Sony Pictures, Columbia Pictures, Sony DADC ...	Japan		78,140	Financial services – 15% Digital games sales – 13% Production of home electronics – 13% Production of professional electronics – 8%
10	The Walt Disney Company	Disneyland Park, Disneyland Resort, ABC Studios, Disney Channel, ESPN, Walt Disney Pictures, Walt Disney Animation Studios, Pixar, Marvel Studios, Lucasfilm, Disney Music Group, Marvel Comics ...	USA		59,434	Entertainment parks – 34% Cable TV – 29% TV broadcasting – 13%
11	Facebook, Inc.	Facebook, Instagram, Oculus Rift, WhatsApp ...	USA		55,838	Advertising – 99%
12	Tencent Holdings Limited	Tencent Games, Tencent Pictures, Tencent Comic, Tencent Music Entertainment Group, QQ Music ...	China		47,342	Multi user games – 33% Game services – 23% Online advertising – 19%
13	Charter Communications, Inc.	Spectrum TV	USA		43,634	Cable TV – 40% Internet access – 35%
14	21st Century Fox, Inc.	Fox Broadcasting Company, News Corp, Fox Music, 20th Century Fox, Fox Searchlight Pictures, The Sun ...	USA		30,400	Cable TV – 56% Distribution of original video content – 27% TV broadcasting – 16%
15	Bertelsmann	RTL Group, Bertelsmann Printing Group, Arvato, BMG, Penguin Random House ...	Germany		20,877	TV and radio broadcasting – 36% IT – 23% Book publishing – 19%
16	Alibaba Group	Alibaba.com, Alibaba Cloud, AliExpress, Alibaba Pictures ...	China		17,057	Online commerce – 88% Cloud services – 6%
17	Vivendi SA	Canal+ Group, Studiocanal, Universal Music Group, Universal Music Publishing, Gameloft, Havas, Vivendi Village ...	France		16,537	TV broadcasting – 37% Music services – 19% Advertising – 17%
18	Netflix, Inc.	Netflix Streaming Services, Netflix Studios, Netflix Animation ...	USA		15,794	Video streaming – 98% Selling of physical media – 2%
19	Baidu, Inc.	Baidu	China		14,876	Advertising – 80%
20	CBS Corporation	CBS Television Network, CBS Television Studios, Showtime, CBS Television Studios, CBS Productions, Simon & Schuster, last.fm ...	USA		14,514	TV broadcasting – 68% Cable TV – 15%
21	Viacom, Inc.	MTV Network, Nickelodeon, Black Entertainment Television, CMT Music, Pluto TV, Paramount Pictures ...	USA		12,943	Advertising – 36% Selling of software through branches – 35% Licensing – 12%
22	Nintendo Co., Ltd.	Nintendo	Japan		10,914	Game platforms – 96%
23	Live Nation Entertainment, Inc.	Live Nation Entertainment	USA		10,788	Organization of concerts – 81%
24	Activision Blizzard, Inc.	Activision Publishing, Blizzard Entertainment ...	USA		7,500	Digital games sales – 77% Games retail – 15%
25	ByteDance	TikTok	China		7,400	Advertising – 90%

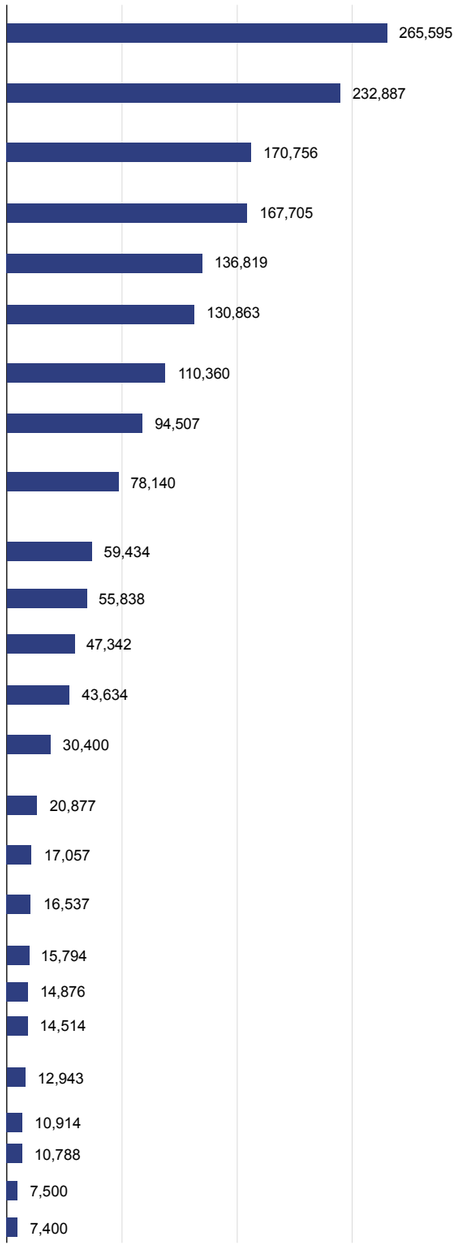


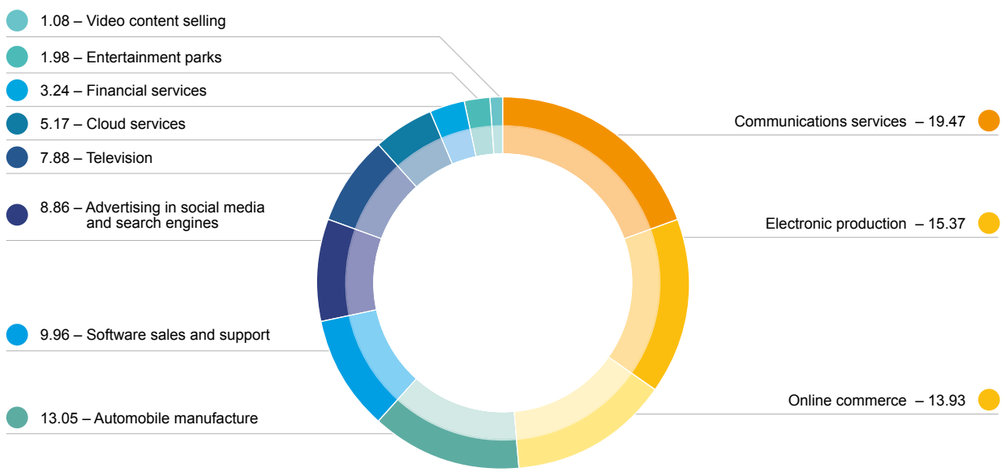
Fig. 9. The world's largest organizations working in the cultural industries (continued)

No.	Organization	Brands *	Country		Income in 2018, mln US$	Income source **
26	Namco Bandai Holding Inc.	Bandai Namco Entertainment, Toei Animation ...	Japan		6,610	Video games – 45% Toys and hobby goods – 31% Gambling slot machine – 13%
27	Iheartmedia, inc.	iHeartMedia	USA		6,326	TV broadcasting – 56% Outdoor advertising – 44%
28	Fuji Media Holdings, Inc.	Fuji TV, Nippon Broadcasting System, Sankei Building, Dinos Cecile, Shinko Music Publishers ...	Japan		6,035	TV broadcasting – 39% Retail – 16% Hospitality – 13%
29	Spotify Technology S.A.	Spotify	USA, Sweden		6,015	Music streaming – 90%
30	RELX plc.	Elsevier, Reed, Academic Press, Reed Exhibitions, LexisNexis ...	United Kingdom		5,591	Scientific research, medicine – 34% Business analysis – 28% Legal services – 22%
31	Electronic Arts Inc.	Electronic Arts, EA Sports, EA DICE, Maxis, BioWare ...	USA		4,950	Game services – 68%
32	British Broadcasting Corporation	BBC One, BBC Studios, BBC News, BBC Radio, BBC Online ...	United Kingdom		3,950	Domestic license fees – 75%
33	Lions Gate Entertainment Corp.	Lionsgate Television, Starz, Lionsgate Films, Lionsgate Interactive, Summit Entertainment, Debmar-Mercury, ...	Canada		3,681	TV networks – 38% Selling original video content to TV companies – 17% Distribution of original video content for home viewing – 15%
34	France Télévisions	France Télévisions, France 2, france.tv, France Télévisions Studio ...	France		3,647	Domestic license fees – 82%
35	Twitter, Inc.	Twitter, Vine ...	USA		3,042	Advertising – 86%
36	RAI – Radiotelevisione italiana	Rai 1, Rai Radio, RaiPlay, Rai Libri, Radiocorriere TV ...	Italy		2,840	Domestic license fees – 73% Advertising – 23%
37	ZDF – Zweites Deutsches Fernsehen	ZDF	Germany		2,589	Household sector license fees – 86% Advertising – 8%
38	Ubisoft Entertainment SA	Ubisoft, Uplay, Ubisoft Motion Pictures, AnvilNext ...	France		2,045	Digital games sales – 58% Games retail and goods licensing – 40%
39	Konami Holdings Corporation	Konami	Japan		2,013	Digital games sales – 54% Fitness programs and sports electronics – 24%
40	The Egmont Group	Egmont Books, Egmont Press, TV 2, Nordisk Film ...	Denmark		1,894	Film screening and content distribution – 35% Magazines publishing – 33% TV broadcasting – 29%
41	Yandex	Yandex, KinoPoisk, Yandex.Music, Yandex. Plus, Yandex.Studio ...	The Netherlands		1,838	Advertising – 80%
42	Gazprom-media	NTV, TNT, 'NTV-Plus', Comedy Club Production, 'Red Media', 'Central partnership', Film studio 'KIT', 'Auto radio', 'Humor FM', 'Seven days', 'Vokrug TV', Rutube ...	Russia		1,523	Advertising – 77% Selling rights to video content – 12%
43	Snap Inc.	Snapchat, Bitstrips, Spectacles ...	USA		1,180	Advertising – 70%
44	Dolby Laboratories, Inc.	Dolby, Dolby Atmos, Dolby Surround ...	USA		1,172	Technology licensing – 90%
45	Mail.ru Group	VK, OK.ru, Mail.ru, ZakaZaka, ESforce ...	The Netherlands		1,054	Advertising – 48% Multi user games – 24% Online services – 21%
46	Pathé	Pathé ...	France		738	Film screening – 86% Selling of video content of own production – 14%
47	Capcom Co., Ltd.	Capcom	Japan		725	Game development – 78%
48	IMAX Corporation	IMAX	USA		374	Selling of IMAX DMR technology – 29% IMAX system selling and installation in cinemas – 21% IMAX systems' leasing – 19%
49	Gaumont Film Company	Gaumont ...	France		232	TV content – 47% International film distribution – 17% Selling of films to TV – 12%
50	EuropaCorp S.A.	EuropaCorp, EuropaCorp Television ...	France		177	Selling original video content internationally – 33% Selling content to TV and video services – 19% Theatrical distribution – 14%

Composition: InterMedia based on financial accounting of companies and expert rates

Commentary:
** – Divisions and subsidiaries, directly producing creative content, are written in bold*
*** – Most income-generating activities of monopolies are listed in descending order*
According to the rules of InterMedia for term translation and the designation of activity types, the closest Russian-language equivalents were used.
The table is generated by InterMedia according to the unique methodology and has no parallel in Russia and abroad. We appreciate any feedback.

Fig. 10. The top 10 world companies in cultural industries by the most income-generating activities



Composition: InterMedia based on financial accounting of companies and expert rates

8. CULTURE ON THE PAYROLL OF MONOPOLIES?

The conclusion is evident: almost all the largest producers of cultural content lost their independence back in 2018 and found themselves as parts of either ICT-corporations, or parts of a number of international structures. There are no large companies making money directly from film production and the production of music in the world anymore. How could this happen? Let's turn to the most important cultural industries in the world of today, films and music.

Six Hollywood giants (i.e. the largest film companies) have worked in the film sector over the last decade, creating content for the whole world: Walt Disney, Warner Bros., Universal Studios, 20th Century Fox, Paramount Pictures, and Sony Pictures. All of them are now part of corporations, or have been transformed into corporations, making money from other types of activities.

We mentioned above the merger of Warner Bros., New Line Cinema, Cartoon Network, CNN and HBO into the American telecom market leader, AT&T. Warner Bros. is still considered one of the major Hollywood players, but its financial results are not important for the AT&T corporation. The principal portion of the income structure of the corporation comes from the provision of mobile telecommunication services (41%). This is followed by cable and digital TV subscriptions (19%) and the B2B segment communication (16%). The whole division of WarnerMedia generates only 11% of the income. Film distribution itself generates 2% of the corporation's income.

The Comcast Corporation, which is one of the largest international telecom companies, has owned NBCUniversal since 2011, together with Universal Pictures, Illumination Entertainment, DreamWorks Animation, and the NBC TV company among others with telecommunication as its mainstay, accounting for 58%. 24% of this comes from subscriptions to cable TV, and 18% comes from Internet subscriptions. The media company NBCUniversal accounts for 37% of Comcast's income. However 12% of this amount comes from their own cable networks, and the same amount comes from their own television broadcasts. Only 7% of income is generated by films, and the film distribution share on its own accounts for even less, at 2%.

A similar situation is encountered with the Sony corporation as well, which, as was mentioned above, is increasingly developing creative assets. The Sony Pictures film company it created is now considered to be one of the Hollywood's major players, while the income it brings to the corporation is insignificant. Video games and services provides 26% of income, while home electronics provides 13%. The income share of the Sony Pictures division is 11%, of which the share from film distribution is less than half of that figure (5%); the other 6% is generated equally (3% each) by TV and cable networks. Sony Music is one of the top-3 world music corporations, but earns only 9% of the corporation income, i.e. even less than films.

Viacom Inc., which specialises in cable TV (36% of income), can count Nickelodeon and MTV Network among its assets, as well as the film company Paramount Pictures. Theatrical distribution generates 5% of corporation income.

The biggest share of income from content production in 2018 belonged to 21st Century Fox Inc. Cable TV generated 56% of income back then, while film production generated 27%. However in 2019 the holding, together with all its assets, including the film company and TV broadcasting networks, was acquired by the Walt Disney Company.

The Walt Disney Company stands apart among giants. The company has not been acquired by any corporation; it has gradually been transformed into a corporation from the eponymous film studio. The main source of income for the corporation is entertainment parks (34%). It is noteworthy, that, according to its annual reports, this segment includes not only entrance tickets to "Disneylands" across the world and to amusement arcades, but also income from hotels, food-courts and themed merchandise purchased by park guests. Cable TV generated 29% of company income, and TV networks generated 13%. Cinema box office returns comprise 7% of total company income.

Thus, films production for Hollywood now is only a means to sell more subscriptions to the paid cable channels, attract more people to entertainment parks and produce more licensed toys.

This issue has been repeatedly described in foreign studies. Edward Epstein, the journalist and former Harvard professor, points to the fact that visits to cinemas began to decrease with the beginning of the large-scale development of television. In his book 'Hollywood economist: The hidden financial reality behind the movies' [37] he somewhat mischievously describes how films deliberately fail to break even and to become profitable (on paper only, obviously) due to a special accounting arrangement. At the same time, schemes often allow studios to profit from films before they are even released. As an example, the author takes the film 'Lara Croft: Tomb Raider', the stated production budget of which was 94 mln US$, of which the Paramount company spent only 8.7 mln US$ of its own. With this approach film creators are neither concerned with the film's quality nor its reviews, or even with future takings. Companies also aspire to keep costs down through subliminal advertising, presales agreements, government grants, tax perks and other financial benefits. As a result, it becomes difficult to find a really significant cultural event among the films being created by major companies nowadays.

At the same time, entire departments are being formed in corporations creating author content, that manifestly will not meet with success among the public at large, but can become a potential festival or cultural event. Consequently, the production and promotion of sophisticated and experimental pieces depends at large on producers wishing to achieve the loyalty of social groups that are small but have significant potential from the point of view of revenue and influence.

The movie critic, Alexey Yusev wrote in his book 'Film politics' [38]: "In light of contemporary realities, films' release is considered by major market stakeholders as a source for product advertising, benefits from which comes at subsequent phases of distribution".

At the same time it's noteworthy that the situation concerns not only large Hollywood companies – it becomes more and more characteristic for any organizations in the realm of creative production.

In the film sector, it can only be argued that the share of revenues from content production is higher for small independent (i.e., non-mandatory) companies – but

this is a clear and likely temporary exception to the rules. For example, 38% of the income of the Canadian company, Lions Gate Entertainment Corp. is generated from its own TV networks. A further 17% comes from TV content production and 15% comes from the sale of its own films for home viewing. 6% of income relates to theatrical distribution. Other independent companies, for example, the French Pathé and Danish The Egmont Group, generate their main income from showing their films in their own cinemas.

There are only several large international companies left on the market that earn money solely from content production (for example, the Gaumont Film Company, which is the oldest of its kind in the world and Luc Besson's EuropaCorp S.A). However their financial situation is generally fragile – turnovers are hundreds of times less than that of industry leaders and, as a rule, there is a tendency for their reduction.

The situation in music is along similar lines – large labels have long been in grip of corporations. The situation with Sony Music is described above. Universal Music Group is owned by the French holding company Vivendi SA, whose main source of income is TV broadcasting (37%). Audio services comprise 19% of its income, while advertising, through its subsidiary Havas comprises 17% of income.

The third largest label, Warner Music Group, was acquired in 2011 by the investment company of Leonard Blavatnik, Access Industries. The corporation accumulated a full package of cultural assets (Deezer audio service, AI Film producing company, DAZN sports translation services, Amedia Russian film company etc.), but doesn't publish financial reports that would provide the basis to make conclusions.

The Working Group has found that for the world's cultural industries (except for large companies in North America, Western Europe and Japan) 'black' or 'gray' financial operations are typical. Financial accounting is not provided by ByteDance – the owner of one of the popular karaoke apps, TikTok. Based on publications in the press, a general conclusion can be made about company incomes, though there are no data about their structure. Accounting is also not published by the large cable and satellite TV players in the near east, such as the Al Jazeera Media Network and beIN Media Group (the largest news network and the main player in the realm of sport translations). Interestingly, in 2015, beIN Media Group acquired the Miramax LLC film company, founded by Harvey Weinstein.

The largest distributors of pornography show a similar pattern. For instance, according to its financial report, in 2018, Pornhub received 33.5 bln visits per year and 92 mln per day. However, its owners, the GeekMind provide no data on its income.

It is worth considering separately Netflix given that video streaming represents its main source of income (98%). Currently, as cable TV incomes plummet, and major companies create their own video streaming services (HBO+, Disney+, Peacock etc.), the company is in a situation of extreme vulnerability (see page 22).

The production of content is becoming more and more expensive, and it is becoming more difficult to sell it within the context of intensifying competition. In these circumstances, the content services, owned by monopolies and working under the corporate model (see the description below), gain a tangible competitive advantage: they perform the task of attracting clients to the main services of a monopolist and can afford not to pay attention to profitability, receiving subsidies from corporations.

InterMedia experts think that legal distribution of content on the Internet in this situation has no chance of success as an independent business and can function as a a planned loss-making division only within the framework of the corporate model.

There are only several large international companies left on the market that earn money solely from content production

CONTROL

9. GLOBAL-SCALE REGULATION OF CULTURAL INDUSTRIES

Undoubtedly, the situation described above cannot be considered normal. The problem is not only with all-encompassing violation of free enterprise rules (this is quite quickly and understandably becoming a minor issue in the 21st century). The question is about the interests of society, the development of which largely depends on creative industries, and consequently, on the efficiency of state regulation, and the development of copyright law and antitrust legislation.

It is clear that in the 21st century, the effective regulation of the cultural sphere using 18th- and 19th-century methods and regulatory frameworks, and with an emphasis on national legislation, is simply impossible. 'It's not known how long the Berne Convention can still stand,' – Mikhail Fedotov, advisor to the President of the Russian Federation, said bluntly in 2018, and it is difficult to add anything else to it.

Leaders of the civilized world, of developed countries have recently been active in undermining cultural industries and corporations' capitalization growth, in particular, easily freeing ICT-industry leaders from liability for the free use of creative content with documents like the Online Copyright Infringement Liability Limitation Act (Safe Harbor Act, enacted in the USA in 1998) and others.

At the same time, throughout recent decades there have been constant protests from the leaders of the leading companies of the creative industries and documents have been sent to various bodies, which has not led to success and, according to InterMedia experts, could not possibly have led to it. Still, even back then major companies understood the limitations of their lobbying opportunities. The whole turnover of Hollywood represents only several percent of the turnover of the ICT industry, closely related to the state elite. In the meantime, the independence of these media giants remains a serious threat to the largest world companies: the still strong creative industries could have prevented ICT industry from using its main development driver namely content. That is, presumably, exactly why the capitalization of these giants failed within a short time by various means,

In recent decades, the issue of a new comprehensive international convention setting fair rules for cultural industries in the digital era has been raised many times

CONTROL

as a result of which, content creation and distribution control was snatched away by corporations, and creative assets were divided and acquired. Nowadays, there is little hope of regaining the independence of the industry, which once was able to defend its interests and the interests of the basic link in the creative process, the authors and performers.

The division and subordination of the content industry by corporations means only one thing, the end of the existence of entire areas of the global cultural economy as separate segments and the transition of the entire industry to a **corporate business model**. The model presupposes the orientation of former international creative consortiums (divisions of corporations now being subsidized) towards the attraction of a mass clientele into the orbits of multinational monopolies, the opposite of the proposal for creative content sought-after by the public.

In recent decades, the issue of a new comprehensive international convention setting fair rules for cultural industries in the digital era has been raised many times. Many experts see the convention as the only opportunity to regain the former direct relationship between the exploding global consumption of creative content and the benefits for its creators, which is failing to grow proportionally, and has even reduced several-fold in some industries (for example, in the audio recording sector). Improvement in this relationship could provide the natural growth of cultural industries with no additional costs to societies and states. However, attempts to start a discussion on this issue in professional and state circles predictably do not strike a chord with the leaders of developed countries.

10. COUNTER-PIRACY

It is telling that against this backdrop, statements are constantly being made about the next "this time totally focused and unequivocally victorious" measures to combat so-called intellectual piracy.

InterMedia Communications has been an active participant in the fight against piracy over the last three decades – cooperating with the IFPI, the National Federation of Fonograph Producers, the Russian Anti-Piracy Organization and other international and national sector associations. The data accumulated over this period (according to the InterMedia database the first occurrence of music piracy in Russia was back in 1902), allows InterMedia experts to authoritatively define that the traditional counter-piracy actions taken by states and associations are not effective and are often formal, and superficial in nature. From the moment monitoring was launched in 1988 to the present time, the scale of piracy in Russia and all over the world has not gone down in any period and has constantly increased in correspondence with the global growth of creative content consumption.

It should be separately mentioned that the costs of antipiracy activities greatly exceed not only the real but also the supposed economic effect. The result of decades of self-sacrificing piracy-fighting is only enormous expenditures by states and associations. **That's why legal music and film services in the world are still unprofitable** (with the exception of the conditionally profitable Netflix, at the moment optimistically planning profitability in 139 years according to the EV/ EBITDA indicator). At the same time, some services announce from time to time in the media that they have made long-awaited profits (usually as a result of one quarter's results, while partly deferring content purchases to the following quarter) – in order to convince investors of the prospects of the business.

The data and assessments lead to a logical conclusion about the regulation and law enforcement crisis in the cultural sector both at the national and international levels. Currently, approaches to state management and regulations are not on the whole in accordance with the realities of the globalized digital world and do not assist in the efficient development of the cultural sector in developed or developing countries. As a result of the inaction of states, cultural industries around the world are increasingly being taken over by several dozen monopolists, for whom the priority is not to develop these industries (and indeed society as a whole), but to make a profit.

The objective consequence of this process is decades of stagnation in the production of film and music all over the world, except in some socialist countries.

Photo: shutterstock.com / LightField Studios

11. CULTURAL INDUSTRIES IN RUSSIA

The global trend towards monopolization in Russian cultural industries has been growing in recent years. The most notable example is the creation of the Yandex.Music service by the Yandex search giant, the active development of the Yandex.Afisha ticket service, and the establishment of the Yandex.Studio production center. It also includes the acquisition by the ICT company MTS of the ticketing services Ponominalu.ru and Ticketland with the announcement of the distribution of tickets with no fee charged, as well as the establishment of the MTS Media division, which, in full alignment with the trend, will produce its own video content at the Kinopolis film studios, which was acquired in 2019. Besides, the company is negotiating the purchase of the IVI online cinema, which is also involved in the production of films and series for the purpose of providing exclusive content on its own platform. Thus, MTS is currently forming a powerful resource to increase the attractiveness of internet and home TV services.

Other companies, including banks, have joined in the fight for the possession of cultural industries. For instance, Tinkoff in 2018 acquired the ticketing service Kassir.ru and branded concert and sports hall M-1 Arena, renaming it the Tinkoff Arena and connected it to its ecosystem to support ticketing activity. Sberbank is also on the list of companies working in the cultural industries, although in 2018 it hadn't possessed cultural assets yet, but had already been negotiating the acquisition of the Rambler Group holding. The deal was completed in April 2019, and as a result Sberbank added services like the Okko online cinema, Rambler / Kassa, as well as a number of media, including Lenta.ru. and Gazeta.ru to its ecosystem.

The largest monopolists in the cultural industries, Gazprom Media and the National Media Group, have interests both in the production, development and distribution of creative content.

Nevertheless, most companies involved in the production and distribution of content are still independent. These players' turnovers are predictably not too large, the biggest portion of them are in the grey zone and don't publish their financial accounting. The Working Group used 'SPARK-Interfax' data to fill gaps, significant for the industry (see fig. 10). This allowed not only a relatively complete financial picture of the cultural industries in Russia to be made, taking into consideration that a significant number of companies that are traditionally considered domestic are registered abroad.

The table 'The largest organizations of the cultural industry in Russia' (see fig. 10) shows that top-10 companies represent 90% of revenue, while top-20 companies represent 97%. None of the top-20 companies earn significant money from cultural activities, while the majority of the top-100 companies are the financed from the federal, regional and municipal budgets.

A plurality of the top-20, ten in total, are ICT sector companies. Five of them are telecom operators, i.e. companies whose main OKVED activity is in the field of communications; their main source of income, according to published financial reports, is the provision of communications services (another telecom operator was ranked 22nd). Each of the organizations has proceeds from other activities, in particular, from the distribution of content through the home TV, and on-demand video and music services. These companies represent 29% of the top-20 companies by revenue. And they do not plan to reduce their presence in the cultural industries, but, on the contrary, expand it by participating in the production of content. As mentioned above, MTS is planning to acquire online-cinema IVI facilities involved among other things in films and series production.

Five other ICT companies' activities are not involved in telecom services, Apple rus, Yandex, Mail.ru Group, Google and Croc. In total, these five represent 9% of top-20 companies by revenue. Only the one of them, Croc, is Russian by origin, while Apple Rus and Google are branches of American companies, and Yandex and Mail.ru Group are registered in the Netherlands.

According to the Yandex's financial report, the revenue of the media services segment amounted to 1.9 billion rubles. Distribution accounts for only 1% of the company's revenue (with 61% growth in this segment since 2017). 'Search and portal' remains the most profitable segment of the company's revenue (78% of income). In the consolidated proceeds

(not broken down by segments) online advertising is the main source of income representing 80% of income.

Mail.ru Group now owns the two main Russian social media sites, Vkontakte and Odnoklassniki, which have remained popular for more than 10 years not least because of the huge amount of user content (UGC) on the sites. The company is also the organizer of a number of creative projects, including the youth festival, VK Fest. The main income sources of the company are online advertising (48%), multiplayer games (24%) and virtual services in social media (21%).

Croc is first and foremost an IT-company, providing systems integration, consulting and other services. Their takings in 2018 totaled 30.3 bln rubles. Since 1989, the company has organized an eponymous animation festival.

Three media holdings are also in the Russian top-20: Gazprom Media, VGTRK and the National Media Group, as well as Safmar, a diversified holding company that, in addition to media assets, also specializes in real estate, heavy industry, investments and retail trade. These companies' revenue share in the top-20 is not so big at only 3%, but they represent the main audio/video content producers, as well as its distribution on television, radio and the internet.

According to a Gazprom report, the media business segment in 2018 represented 95.5 bln rubles. Of this amount 77% is accounted for by advertising (over 73 bln rubles), and 12% (11.7 bln rubles) by licensing and content distribution. TV broadcasting represented 7% of income, publishing represented 1% and miscellaneous activity represented 5%. The second largest media holding company in terms of revenue was VGTRK, with revenues of 32.4 bln rubles. The Working Group notes with regret that not all of these companies publish detailed financial statements.

The top 20 largest cultural companies in Russia also include the four largest banks (Sberbank, VTB, Alfa-Bank and TCS Group Holding PLC, which owns Tinkoff Bank), accounting for 58% of total revenue. Each of them participates in cultural projects as a sponsor or possesses media assets and sites and hosts performances.

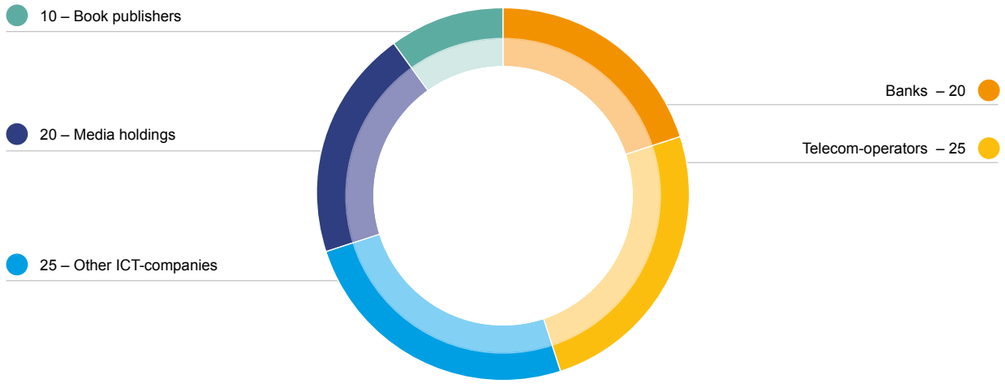
The two largest book publishers – 'Prosvescheniye' and 'Eksmo', having taken monopolistic positions in their niches, and are at the very end of the top-20.

Thus, a number of large monopolies have already been identified in Russia, in line with the global trend of expanding participation in the creative industries. As in the rest of the world, these are, firstly, media holdings, bringing together production and content distribution channels, IT companies and telecom operators. The peculiarity of the Russian trend is the interest in cultural industries on the part of major financial and industrial groups.

As can be seen from the above, the Russian cultural economy is already showing signs of following the global trends towards monopolization described in the chapter ICT Creativity, and therefore, the independence in decision-making and the importance of artists themselves in the structure of large corporations is diminishing. Creators' payment depends more and more not on the demand for their work among various groups of the population, but on the assessment by and decisions of companies' management. In the absence of a clear state cultural policy decisions are made randomly, which often raises questions from the public and does not always allow for the development of the cultural sector.

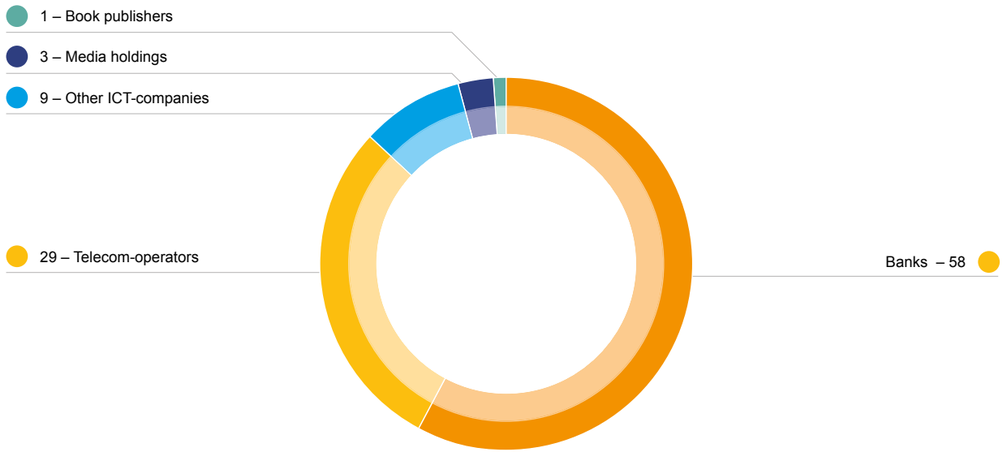

Photo: shutterstock.com / LightField Studios

Fig. 11. The top-20 largest companies working with cultural industries by prevailing types of operations



Composition: InterMedia, based on financial accounting of companies and 'SPARK-Interfax' system data

Fig. 12. The top-20 largest companies working with cultural industries by total revenue volume



Composition: InterMedia, based on financial accounting of companies and 'SPARK-Interfax' system data

Fig. 13. Largest of the world's organizations of the cultural industry in Russia

No.	Name	Parent corporation jurisdiction	Profile	Revenue in Russia, 2018, mln rubles	Source
1	Sberbank	Russia	Banking business, insurance, investment	1,711,000	Published accounts
2	VTB (incl. 'VTB Arena' …)	Russia	Banking business, insurance, investment, organization of events	941,300	Published accounts
3	MTS (incl. Ticketland, 'Ponominalu.ru' ...)	Russia	Telecommunications, IT, access to digital video content, ticketing	480,300	Published accounts
4	'Beeline' (incl. 'Beeline TV ...)	Bermuda Islands	Telecommunications, access to digital video content	349,741	Published accounts
5	'Megafon' (incl. 'Megafon TV' ...)	Russia	Telecommunications, access to digital video content	335,549	Published accounts
6	Rostelecom (incl. Wink, Interactive TV …)	Russia	Telecommunications, access to digital video content	320,239	Published accounts
7	'Alfa-bank' (incl. Alfa Future People ...)	Cyprus	Banking business, insurance, investment, organization of events	241,364	Published accounts
8	'Apple rus'	USA	Sale of electronics, IT, access to digital video content, music streaming	197,249	SPARK-Interfax
9	'Yandex (incl. 'KinoPoisk', 'Yandex.Music', Yandex.Afisha', 'Yandex.Studio'...)	The Netherlands	IT, taxis, advertising services, access to digital video content, music streaming, video content production	127,657	Published accounts
10	TCS Group Holding PLC (incl. 'Tinkoff-bank', 'Tinkoff-magazine', 'Tinkoff Arena', Kassir.ru ...)	Cyprus	Banking business, insurance, investment, telecom-operator, online media	112,953	Published accounts
11	'Gazprom-media' (incl. NTV, 'NTV-Plus', TNT, 'TNT-PREMIER', Comedy Club Production, 'Red Media', 'Central partnership', Film studio 'KIT', 'Auto radio', 'Humor FM', 'Seven days', 'Vokrug TV', Rutube ..._	Russia	TV- and radio broadcasting, video content production, video hosting, films release, publication of papers and magazines, online media	95,488	Published accounts
12	Mail.ru Group (incl. VK, OK.ru ...)	The Netherlands	IT, video games, social media, music streaming	75,260	Published accounts
13	'Google'	USA	IT, access to digital video content, music streaming	59,844	SPARK-Interfax
14	VGTRK (incl. 'Russia 24', 'Russia – Culture', 'Karusel', 'Mayak', 'Vesti FM' …)	Russia	TV broadcasting, radio broadcasting, online media	32,371	Published accounts
15	'Croc' (incl. 'Croc' festival …)	Russia	IT, organization of events	30,320	Published accounts
16	'Tricolor TV' (incl. 'Tricolor TV online…)	Russia	Telecommunications, TV and radio broadcasting, access to digital video content	21,200	Published accounts
17	'National Media Group' (incl. First channel, 'STS Media', 'Izvestiya', Art Pictures Studio, 'Vitrina TV' ...)	Russia	TV broadcasting, video content production, publication of papers and magazines, online media, advertising, access to digital video content	17,849	SPARK-Interfax
18	Publishing house 'Prosvescheniye'	Cayman Islands	Book publishing	16,377	SPARK-Interfax
19	'Safmar' (incl. 'Radio Shanson', 'Radio Dacha' ...)	Russia	Industry, investments, real estate, trade, radio broadcasting, TV broadcasting	13,757	SPARK-Interfax
20	'Eksmo' publishing house (incl. 'Eksmo', AST …)	Russia	Book publishing	11,460	SPARK-Interfax
21	'Cinema-park'	Russia	Film screening	10,064	SPARK-Interfax
22	'Akado' (incl. Interactive TV …)	Russia	Telecommunications, access to digital video content	9,696	Published accounts
23	The Bolshoi Theatre of Russia	Russia	Organization of performances	8,628	Federal Treasury of the RF
24	Mariinsky Theatre	Russia	Organization of performances	8,066	Federal Treasury of the RF
25	RBC	Russia	TV broadcasting, publication of papers and magazines, online media, IT	5,941	Published accounts
26	'The Walt Disney Company CIS'	USA	TV broadcasting, radio broadcasting, video content production, film release, licensing, IT	5,643	SPARK-Interfax
27	Rambler (incl. 'Rambler / News', 'Rambler / Kassa', Okko ...)	Cyprus	Online media, access to digital video content, video content production	5,114	SPARK-Interfax
28	'Karo'	Cyprus	Film screening, films release, video content production	4,732	SPARK-Interfax
29	State Hermitage Museum	Russia	Museum activity	4,418	Federal Treasury of the RF
30	'Ivi.ru'	Cyprus	Access to digital video content, video content production	4,176	SPARK-Interfax
31	'Kinomax'	Russia	Film screening	4,135	SPARK-Interfax
32	Peterhof Museum-Reserve	Russia	Museum activity	3,520	Federal Treasury of the RF

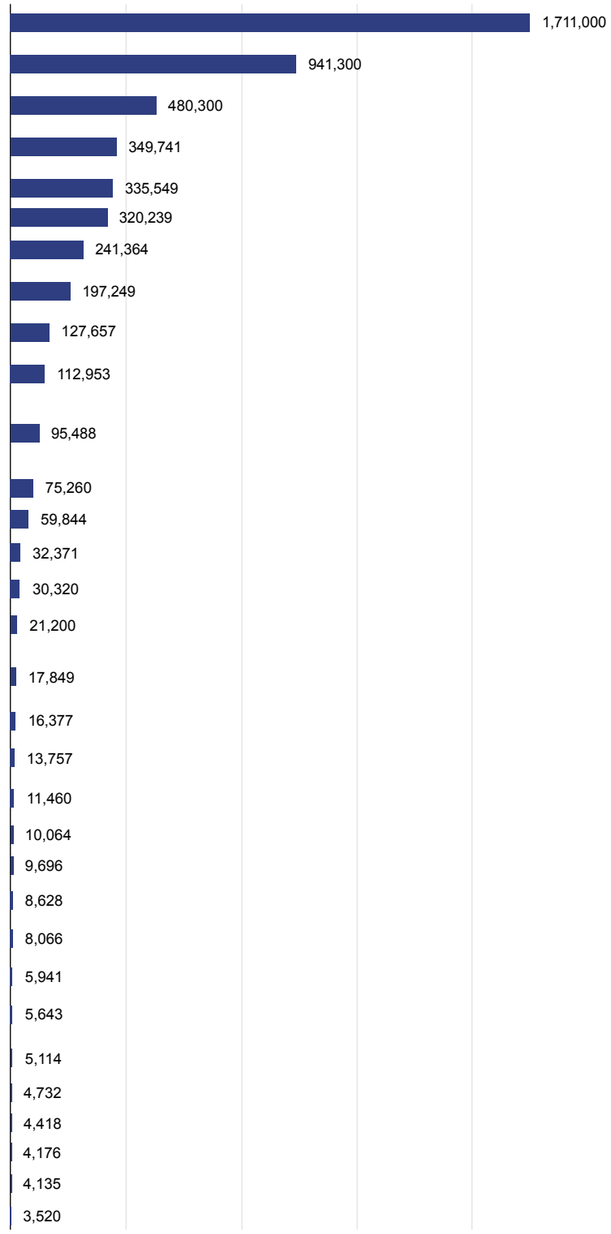


Fig. 13. Largest of the world's organizations of the cultural industry in Russia (continued)

No.	Name	Parent corporation jurisdiction	Profile	Revenue in Russia, 2018, mln rubles	Source	
33	'Kommersant'	Russia	Publication of papers and magazines, online media	3,429	SPARK-Interfax	3,429
34	'Hearst Shkulev Media' (incl. 'Vokrug sveta', Elle, Maxim, Psychologies …)	Russia	Publication of papers and magazines, online media	3,305	SPARK-Interfax	3,305
35	'20th Century Fox CIS'	USA	Film release	2,799	SPARK-Interfax	2,799
36	Tsarskoe Selo state museum and heritage site	Russia	Museum activity	2,505	Federal Treasury of the RF	2,505
37	Publishing house 'Rosmen'	Cyprus	Book publishing	2,375	SPARK-Interfax	2,375
38	'Azbuka-Attikus'	Cyprus	Book publishing	2,366	SPARK-Interfax	2,366
39	The Tretyakov Gallery	Russia	Museum activity	2,145	Federal Treasury of the RF	2,145
40	Star Media	Cyprus	Video content production	1,941	SPARK-Interfax	1,941
41	Novosibirsk opera and ballet theater	Russia	Organization of performances	1,909	Federal Treasury of the RF	1,909
42	Amedia TV (incl. 'Amediateka', Amedia Premium ...)	Russia	Telecommunications, access to digital video content	1,899	SPARK-Interfax	1,899
43	Moscow State Integrated Museum-Reserve	Russia	Museum activity	1,869	Federal Treasury of the RF	1,869
44	The Moscow Kremlin Museum-Reserve	Russia	Museum activity	1,811	Federal Treasury of the RF	1,811
45	Peterhof Museum-Reserve	Russia	Museum activity	1,547	Federal Treasury of the RF	1,547
46	Russian museum	Russia	Museum activity	1,508	Federal Treasury of the RF	1,508
47	'Nikita Mikhalkov studio TriTe'	Russia	Video content production	1,404	SPARK-Interfax	1,404
48	Megogo	Cyprus	Access to digital video content	1,397	SPARK-Interfax	1,397
49	'Mann, Ivanov, Ferber'	Russia	Book publishing	1,395	SPARK-Interfax	1,395
50	IIA 'Russia Today' (incl. AIA 'Novosti', Sputnik, Koktebel Jazz Party ...)	Russia	Radio broadcasting, Internet mass media, organization of events	1,345	Published accounts	1,345
51	The Pushkin State Museum of Fine Arts	Russia	Museum activity	1,341	Federal Treasury of the RF	1,341
52	'Cinema Star'	Russia	Film screening	1,272	SPARK-Interfax	1,272
53	'Hachette collection'	France	Book publishing	1,241	SPARK-Interfax	1,241
54	Chekhov Moscow Art Theater	Russia	Organization of performances	1,114	Federal Treasury of the RF	1,114
55	Maly Theatre of Russia	Russia	Organization of performances	1,106	Federal Treasury of the RF	1,106
56	'Mars Media Entertainment'	Russia	Video content production	1,044	SPARK-Interfax	1,044
57	Vakhtangov Theater	Russia	Organization of performances	990	Federal Treasury of the RF	990
58	'Warner music'	USA	Phonogram production, musical composition release	919	SPARK-Interfax	919
59	Mariinsky Theater, Primorsky branch	Russia	Organization of performances	894	Federal Treasury of the RF	894
60	'Sony music entertainment'	Japan	Phonogram production, musical composition release	879	SPARK-Interfax	879
61	'Universal music'	France	Phonogram production, musical composition release	850	SPARK-Interfax	850
62	State Theater of Nations	Russia	Organization of performances	760	Federal Treasury of the RF	760
63	The Sats Moscow childrens' musical theater	Russia	Organization of performances	719	Federal Treasury of the RF	719
64	Ekaterinburg opera and ballet theater	Russia	Organization of performances	660	Federal Treasury of the RF	660
65	'TVzavr' (TVZavr)	Russia	Access to digital video content	649	SPARK-Interfax	649
66	'Alpina Publisher'	Russia	Book publishing	621	SPARK-Interfax	621
67	'Russian Mediagroup'	Russia	Radio broadcasting, organization of events	609	SPARK-Interfax	609
68	Moscow museum of modern art	Russia	Museum activity	592	Federal Treasury of the RF	592
69	'Non-stop production'	Cyprus	Video content production	576	SPARK-Interfax	576
70	'Moscow Media'	Russia	TV and radio broadcasting, Internet mass media, publication of papers and magazines	568	SPARK-Interfax	568
71	Tovstonogov Bolshoi Drama Theater	Russia	Organization of performances	567	Federal Treasury of the RF	567

Fig. 13. Largest of the world's organizations of the cultural industry in Russia (continued)

No.	Name	Parent corporation jurisdiction	Profile	Revenue in Russia, 2018, mln rubles	Source
72	Russian Youth Theatre	Russia	Organization of performances	498	Federal Treasury of the RF
73	Polytechnic Museum	Russia	Museum activity	492	Federal Treasury of the RF
74	'Nevafilm'	Russia	Video content production, film release	480	SPARK-Interfax
75	Obraztsov Moscow State Puppet Theater	Russia	Organization of performances	466	Federal Treasury of the RF
76	Gorky Moscow Art Theater	Russia	Organization of performances	450	Federal Treasury of the RF
77	Moscow Pushkin Drama Theater	Russia	Organization of performances	450	Federal Treasury of the RF
78	'2V' Studio	Cyprus	Video content production	437	SPARK-Interfax
79	Museum Association 'Museum of Moscow'	Russia	Museum activity	395	Federal Treasury of the RF
80	'Stage Entertainment'	The Netherlands	Organization of performances	385	SPARK-Interfax
81	'T8 Print' (incl. 'Ripol Classic', 'Living classic ' …)	Russia	Book publishing	364	SPARK-Interfax
82	Maly Drama Theater – Theater of Europe	Russia	Organization of performances	362	Federal Treasury of the RF
83	Raikin Russian state theater 'Satyricon'	Russia	Organization of performances	357	Federal Treasury of the RF
84	Mariinsky Theater, the Republic of Alania branch	Russia	Organization of performances	337	Federal Treasury of the RF
85	'Cinema management' (incl. 'Luxor')	Russia	Film screening, film release	336	SPARK-Interfax
86	Darwin Museum	Russia	Museum activity	315	Federal Treasury of the RF
87	Museum of the World Ocean	Russia	Museum activity	284	Federal Treasury of the RF
88	Computer Animation Studio 'Petersburg'	Russia	Video content production	234	SPARK-Interfax
89	Volkov Russian Drama Theater	Russia	Organization of performances	234	Federal Treasury of the RF
90	The Russian museum of ethnography	Russia	Museum activity	232	Federal Treasury of the RF
91	The Film Museum	Russia	Museum activity	207	Federal Treasury of the RF
92	Theater Art Studio	Russia	Organization of performances	205	Federal Treasury of the RF
93	'Soyuzmultfilm'	Russia	Video content production	194	SPARK-Interfax
94	Museum-panorama 'Battle of Borodino'	Russia	Museum activity	184	Federal Treasury of the RF
95	'Glavkino'	Russia	Video content production	175	SPARK-Interfax
96	ICC 'Akademkniga'	USA	Book publishing	109	SPARK-Interfax
97	GULAG History museum	Russia	Museum activity	82	Federal Treasury of the RF
98	'Dolby CIS'	USA	Equipment	82	SPARK-Interfax
99	Timiryazev Biological Museum	Russia	Museum activity	80	Federal Treasury of the RF
100	Jewish Museum and Tolerance Center	Russia	Museum activity	67	SPARK-Interfax

Composition: InterMedia, based on the financial accounting of companies, the Federal Treasury of the RF and data from the 'SPARK-Interfax' system

Commentary:
The table is generated by InterMedia according to a unique methodology and has no parallel in Russia or abroad. We appreciate any feedback.

12. FINANCIAL INDICATOR EVALUATION TECHNIQUES OF THE CULTURAL INDUSTRIES

After identifying the structure of the cultural industries and drawing up a flowchart for them, the Working Group set about developing a method to calculate the turnover of various segments of the cultural industries. The task was complicated by the fact that Russian Federation official statistics either omit a number of important segments of the cultural sector, or reflect them in a fragmentary fashion. So, for example, the Russian Federal State Statistics Service (Rosstat) publishes data on theatres, circuses and zoos, but does not mention concerts, the distribution of audio and video recordings, the use of music in general, most types of design work, private art galleries, ticket services, and so on. In light of this fact, data from research companies, foundations and sector associations, as well as expert assessments, were used for calculation purposes.

The Working Group was the first in the country to develop a method to calculate industry turnover with a high level of accuracy, revealing its current status. According to the results of the study, the contribution of the cultural industries to the Russian economy in 2018 was 2.9 trillion rubles, and it is expected to exceed 3 trillion rubles in 2019. The cinema, mass media and concert segments generate significant turnover, but as in the rest of the world, a large part of the sector's income is now earned online: this is the central focus of the cultural agenda.

The Group's research confirmed that a special feature of the cultural economy in the Russian Federation is the traditionally significant role of federal, regional and local governing bodies, acting not only as regulators but also regulatory bodies for the absolute majority of organizations in the sector – theatres, circuses, concert grounds, creative collectives, museums, libraries. In many cases this complicates the application of traditional analytical tools. It should be noted that practically all organizations financed from state and local budgets are unprofitable.

As for non-state industry players, they mostly act in such segments as mass media, book publishing, film screening, mass concerts among others. Their influence on the cultural sector greatly surpasses the influence of states, but as the majority of these companies are from the Internet sector, the real income of creators and entrepreneurs is much less than it could potentially be: a significant part of it goes to corporations and providers of pirated content.

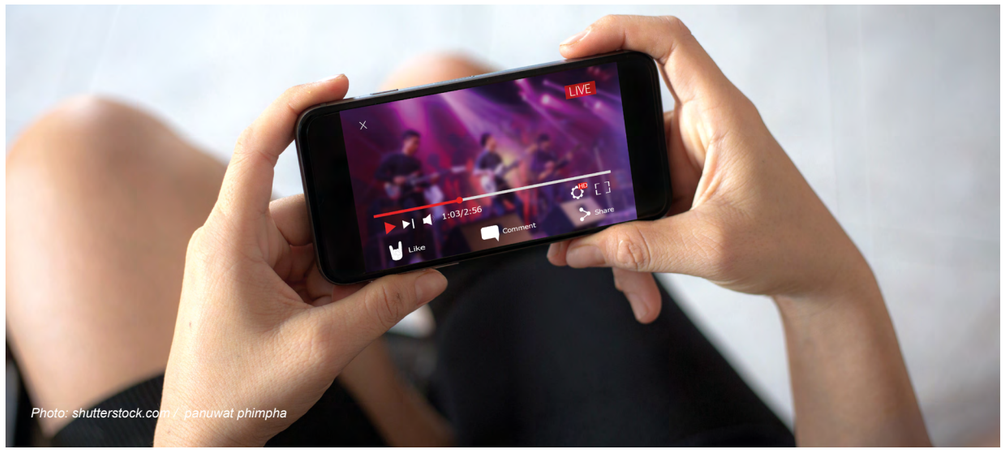


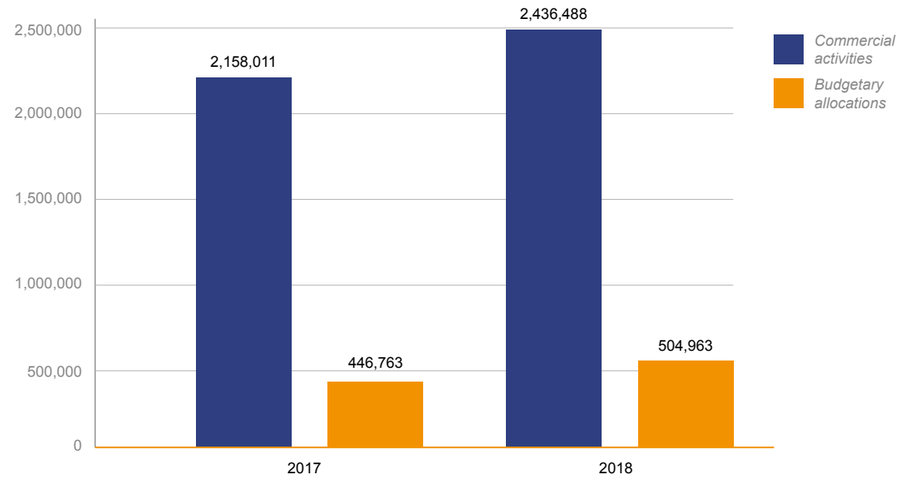
Photo: shutterstock.com / panuwat phimpha

[1] The exception is comprehensive reports 'The Russian film industry' for 2016 and 2017 by the the Cinema Fund with the participation of InterMedia at the level of world standards.

Fig. 14. Ratio of revenues from commercial activities of online and offline segments of the cultural sector, 2018

Source: InterMedia

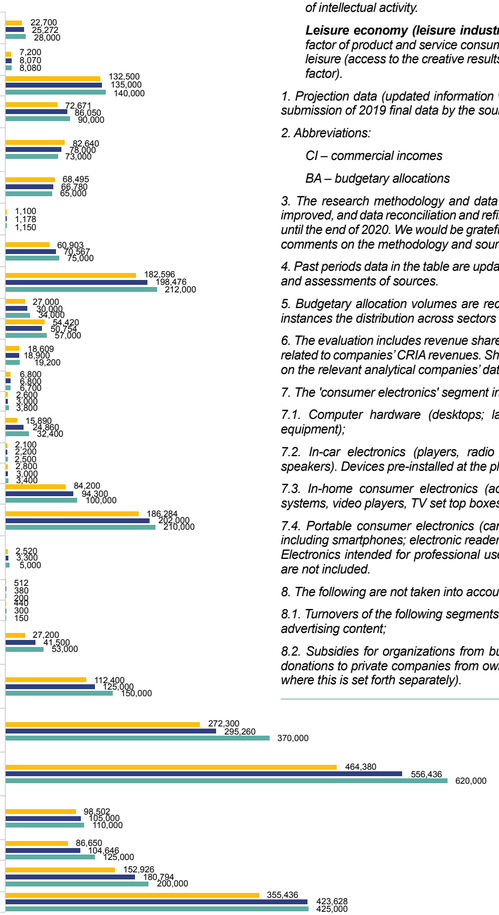
Fig. 15. Ratio of revenues from commercial activities to budget allocations in the field of culture, 2017–2018, mln rubles



Source: InterMedia

Fig. 16. Financial indicators of cultural industries of Russia in 2017–2019, mln rubles

Segment	Operations	Sources	2017			2018			2019 (Forecast)
			CA	BA	Total	CA	BA	Total	Total
Fine arts and design	Sales on the territory of Russia of industrial design works (budgetary allocations for the development of engineering and industrial design included)	ARTinvestment, InArt, Russian Federal State Statistics Service, Ministry of Industry and Trade of Russia, InterMedia	15,080	7,620	22,700	18,272	7,000	25,272	28,000
Arts and crafts	Production of folk arts and crafts	Ministry of Industry and Trade of the Russian Federation, InterMedia	6,000	1,200	7,200	6,870	1,200	8,070	8,080
Architecture	Design work in industry and civil construction	Simple Analytics, InterMedia	132,500	n/a	132,500	135,000	n/a	135,000	140,000
Museums	Museum and exhibition activities	Chief information and data-processing computer center of the Russian Ministry of Culture, InterMedia	18,429	54,242	72,671	23,875	62,175	86,050	90,000
Printed media	Printed media – sales and advertising. Online media advertising not included	Federal Agency for press and mass communications, Association of Russian Communication Agencies, InterMedia	79,200	3,440	82,640	75,000	3,000	78,000	73,000
Books	Bookselling (selling of print, e- and audio-books). Booksellers, selling fast-moving consumer goods (FMCG) and other non-print retail not included	Federal Agency for press and mass communications, InterMedia	68,330	165	68,495	66,660	120	66,780	65,000
Archives	The total archives' income from business operations and budgetary allocations in 2018 amounted to 4,700 mln rubles. 25% of this amount is included in creative industries' turnover	Rosarkhiv, Federal Treasury, InterMedia	100	1,000	1,100	100	1,078	1,178	1,150
Libraries	Library operations	Chief information and data-processing computer center of the Russian Ministry of Culture, InterMedia	1,138	59,765	60,903	1,195	69,372	70,567	75,000
Poster-advertised events	Organization of poster-advertised performance events – concerts, spectacles, shows of various types with participation of performers and ticketing / free entrance	InterMedia, Chief information and data-processing computer center of the Russian Ministry of Culture	96,000	86,596	182,596	100,000	98,476	198,476	212,000
Non-poster-advertised events	Organizing and running non-poster-advertised (closed) performance events – private, state, corporate (only creative part costs included)	InterMedia	27,000	n/a	27,000	30,000	n/a	30,000	34,000
Cinema and festivals	Income from ticket sales to films in distribution and private donations, BA, allocated to films festivals	Russian Ministry of Culture, Cinema Fund, InterMedia	53,770	650	54,420	50,404	350	50,754	57,000
Radio	Radio stations operations (budgetary allocations according to the Federal special purpose program 'TV and Radio Broadcasting Development in the Russian Federation in 2009–2018' included)	Association of Russian Communication Agencies, Federal Agency for press and mass communications, InterMedia	16,900	1,709	18,609	16,900	2,000	18,900	19,200
Ringback Tone (RBT)	'Ringback Tone' services by mobile network operators	InterMedia	6,800	n/a	6,800	6,800	n/a	6,800	6,700
Legal audio services	Legal audio services (downloading/uploading, streaming)	IFPI, InterMedia	2,600	n/a	2,600	3,000	n/a	3,000	3,800
Legal video services	Legal video services (downloading/uploading, streaming, AVOD, SVOD, TVOD, EST). Subscription TV operations from VOD not included (included in the line 'Subscription TV')	Json and Partners	15,890	n/a	15,890	24,860	n/a	24,860	32,400
Illegal audio services	Income from illegal audio services, including torrents (advertising, subscription)	InterMedia, Group-IB	2,100	n/a	2,100	2,200	n/a	2,200	2,500
Illegal video services	Income from illegal video services, including torrents (advertising, subscription)	InterMedia, Group-IB	2,800	n/a	2,800	3,000	n/a	3,000	3,400
Subscription TV	Income from provision of subscription TV services (IPTV, satellite TV, cable TV), including VOD	TMT Consulting, InterMedia	84,200	n/a	84,200	94,300	n/a	94,300	100,000
Television	Terrestrial television operations (budgetary allocations according to the Federal special purpose program 'TV and Radio Broadcasting Development in the Russian Federation in 2009–2018' included)	Association of Russian Communication Agencies, Federal Agency for press and mass communications, InterMedia	170,900	15,384	186,284	187,000	15,000	202,000	210,000
Other income	Income from the use (licensing) of music for advertising, TV, games, public food organizations, trade, transport, services sector organizations, etc., as well as income from the licensing images of music, cinema, theatre and other creative industries' stars for advertising	InterMedia, Russian Authors' Society, World Intellectual Property Organization	2,520	n/a	2,520	3,300	n/a	3,300	5,000
Physical media (music)	Sale of physicial media (music)	IFPI, InterMedia	512	n/a	512	380	n/a	380	200
Physical media (video)	Sale of physicial media (films, videos)	InterMedia	440	n/a	440	300	n/a	300	150
Data centers	Data centers' operations on the territory of the RF, including provision of cloud services. Income in 2018 – 82.9 bln rubles. 50% of this amount is included in creative industries' turnover	TMT Consulting, InterMedia	27,200	n/a	27,200	41,500	n/a	41,500	53,000
Online advertising	Sale of advertising online. Income from advertising in 2018 – 250 bln rubles. 50% of this amount is included in creative industries' turnover	Russian Association of electronic communications, InterMedia	112,400	n/a	112,400	125,000	n/a	125,000	150,000
Internet access	Mobile and broadband Internet access services by providers. Income in 2018 – 421.8 bln rubles. 70% of this amount is included in creative industries' turnover	TMT Consulting, InterMedia	272,300	n/a	272,300	295,260	n/a	295,260	370,000
Consumer Electronics	Sale of household electronic equipment. Sales income in 2018 – 794.9 bln rubles. 70% of this amount is included in creative industries' turnover	Euromonitor International, Russian Union of rightsholders, InterMedia	464,380	n/a	464,380	556,436	n/a	556,436	620,000
Education in the cultural sector	Educational institutions' operations in the creativity and leisure sector (higher educational institutes, professional educational institutions and children's art schools)	Russian Ministry of Culture, Chief Information and data-processing computer center of the Russian Ministry of Culture, InterMedia	20,300	78,202	98,502	20,400	84,600	105,000	110,000
Video games	Video games (sales, microtransactions, paid subscriptions)	Newzoo, InterMedia	86,650	n/a	86,650	104,646	n/a	104,646	125,000
Culture and leisure institutions	Operations of culture and leisure parks, zoos and other leisure organizations	Chief information and data-processing computer center of the Russian Ministry of Culture, InterMedia	16,136	136,790	152,926	20,202	160,592	180,794	200,000
Tourism	Tourist services, hotel services and similar accommodation	Federal agency of tourism, InterMedia	355,436	n/a	355,436	423,628	n/a	423,628	425,000
Total			**2,158,011**	**446,763**	**2,604,774**	**2,436,488**	**504,963**	**2,941,451**	**3,219,580**



Commentary:

Creative economy (creative industries) *– industries, in which the decisive factor of products and services consumption is access to the creative results of intellectual activity.*

Leisure economy (leisure industries) *– industries, in which the decisive factor of product and service consumption is the demand for cultural types of leisure (access to the creative results of intellectual activity is not the decisive factor).*

1. Projection data (updated information will be provided in III qrt. of 2020, upon submission of 2019 final data by the sources)

2. Abbreviations:

CI – commercial incomes

BA – budgetary allocations

3. The research methodology and data collection system are constantly being improved, and data reconciliation and refinement by different sources will continue until the end of 2020. We would be grateful for any updated data, suggestions and comments on the methodology and sources.

4. Past periods data in the table are updated according to modifications in reports and assessments of sources.

5. Budgetary allocation volumes are received through official sources, in some instances the distribution across sectors is based on experts' assessments.

6. The evaluation includes revenue shares of a number of ICT-industries' sectors, related to companies' CRIA revenues. Shares are estimated from the ratios based on the relevant analytical companies' data (examples are given on page 11).

7. The 'consumer electronics' segment includes:

7.1. Computer hardware (desktops; laptops; monitors and other peripheral equipment);

7.2. In-car electronics (players, radio stations, navigators, acoustic system speakers). Devices pre-installed at the plant or dealer's devices are not included;

7.3. In-home consumer electronics (acoustic systems, home cinemas, Hi-Fi systems, video players, TV set top boxes);

7.4. Portable consumer electronics (cameras; video cameras; mobile phones, including smartphones; electronic readers; media players; wearable electronics). Electronics intended for professional use by military personnel, physicians, etc. are not included.

8. The following are not taken into account in the calculations:

8.1. Turnovers of the following segments: restoration, photography, production of advertising content;

8.2. Subsidies for organizations from budgets of all levels, crediting, investing, donations to private companies from owners and shareholders (except the lines where this is set forth separately).

Composition: InterMedia

ANNEX 1. CULTURAL SECTOR AND INDUSTRIES REVIEW AT THIS STAGE

INTRODUCTION

The role of culture in the society's development has never been doubted, but recently it has been increasingly acknowledged more and more often in not only cultural but also economic, legal, state circles that exactly culture is the basis of the society's development, and increased attention to cultural industries is a necessary basis for its accelerated development.

Experts are increasingly focusing on the fact that the economic and social processes are much more, than it had always been understood, related to the level of culture of social groups and the society as a whole. Namely the culture of society defines the effect from introducing progressive ideas, state-of-the-art innovations, a-go-go technologies etc.

The importance and significance of culture are specially mentioned in key international documents, in particular the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Ex.

Pressions (2005) [1], the United Nations' Sustainable Development Goals (2015) [2], the United Nations Conference on Trade and Development report [39] and many others.

THE PHENOMENON OF CULTURAL INDUSTRIES

One of the most notable civilizational phenomena of the 19th–20th centuries was the emergence and rapid development of a completely new phenomenon for developed and later developing countries, namely, cultural or creative industries. The wellbeing and cultural level of developed countries' populations were prerequisites for this. It resulted in a sustainable growth of effective demand for works of art of all types on the part of both the elite (as was the case earlier) and the population at large. This demand was satisfied by the technical sectors with the help of both new ways of distributing works of art, new kinds of mass arts, and new ways of spending one's free time.

In 150 years, the mass culture revolution significantly changed the world and keeps on changing it, daily and hourly. If access to artists' works, performances by professional actors and musicians was available only for several million representatives of the elites in the middle of the 19th century, in the 21st century, 90% of the population of the globe, which increased five times over this period, have gained this opportunity. The production and consumption of the creative results of intellectual activity has increased hundreds of millions of times over. Literature, printed media, games and tourism have become more widespread, while television, radio and other electronic media alike were initially created as such. The number of people employed in the cultural sector increased dozens even hundreds of thousands times.

The industries satisfying the demand for cultural products in the 20th century picked up steam and started playing a considerable role in the life of humankind, becoming tools for both the construction and destruction of societies. There is a fierce struggle for influence on the cultural sector at the national and international levels. In the 21st century, the largest international corporations, controlling mass sectors of culture came into the limelight, successfully turning the tables on slow moving and often corrupt state structures.

THE CULTURAL ECONOMY IN THE MODERN WORLD

Many states, including those not economically developed, are currently trying to use cultural industries for the creation of identifiable and prestigious image of the country and cities aiming to acquire advantages in competitive struggle and inter-state competition. The generally recognized value of such cultural icons as the Eiffel Tower in France, Taj Mahal in India or Sydney Opera House in Australia is already giving way to whole cultural areas combining creativity and business – and this is not only the Silicon Valley in the United States but, to take one example, the cultural center on Saadiyat island in Abu Dhabi which attracts millions of dollars in investment every year.

The rate of the creative economy's development is confirmed by statistical data. For example, according to the United Nations Conference on Trade and Development Report for 2019 [39], the size of the world's creative production market from 2002 to 2015 increased from 208 to 509 bln US$, i.e. almost by 2.5 times.

The diagram presented below illustrates the perceptible gap in the number of enterprises in the creative sector and traditional sectors of economy in the European Union in the beginning of 21st century.

It is important to mention that nearly all enterprises in the creative industry are referred to small-sized and one-man business enterprises, and that emphasizes the focus of the industry, its aim towards individual development and the accelerated accumulation of human capital.

'The politics of energy and the access to energy defined geopolitics throughout 20th century. Just the same access to information, intellectual property objects and creative protection are already now becoming determining success factors on the international scene in the 21st century' – notes John Newbigin, advisor to the Minister of Culture of the United Kingdom.

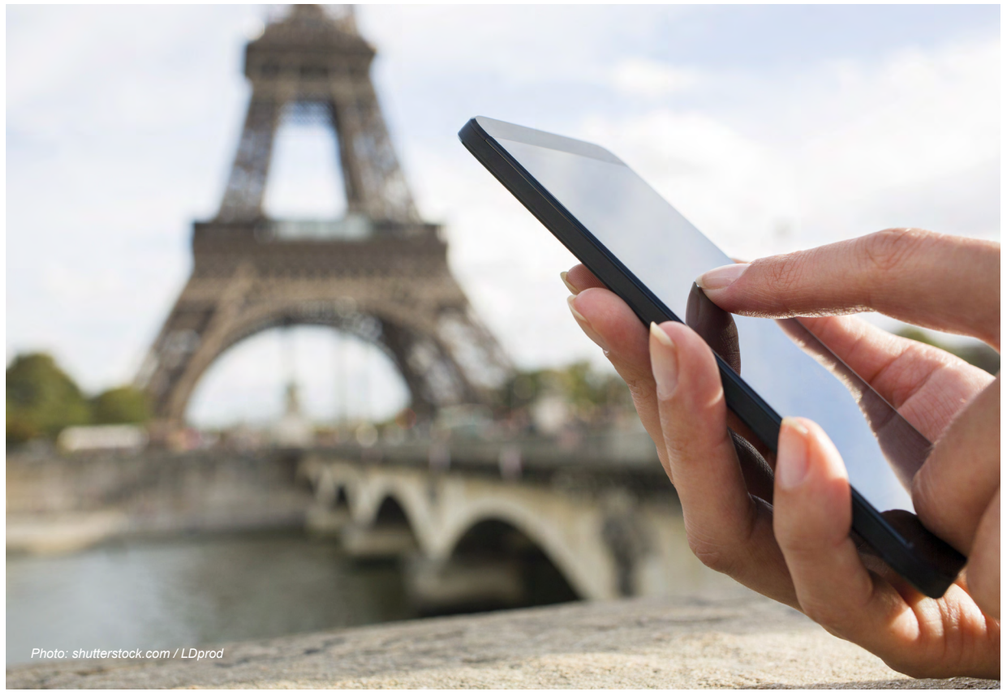


Photo: shutterstock.com / LDprod

Fig. 17. Structure and Characteristics of Cultural and Creative Sectors in the EU

Circles	Sectors	Sub-sectors	Characteristics
Core arts field	**Visual arts**	Crafts Paintings Sculpture Photography	● Non industrial activities ● Output are prototypes and "potentially copyrighted works" (i.e. these works have a high density of creation that would be eligible for copyright but they are however not systematically copyrighted, as it is the case for most craft works, some performing arts productions and visual arts, etc.)
	Performing arts	Theatre Dance Circus Festivals	
	Heritage	Museums Libraries Archaeological sites Archives	
Circle 1: Cultural industries	**Film and video**		● Industrial activities aimed at massive reproduction ● Outputs are based on copyright
	Television and radio		
	Video games		
	Music	Recorded music market Live music performances revenues of collecting societies in the music sector	
	Books and press	Book publishing Magazine and press publishing	
Circle 2: Creative industries and activities	**Design**	Fashion design, interior design, product design, graphic design	● Activities are not necessarily industrial, and may be prototypes ● Although outputs are based on copyright, they may include other intellectual property inputs (trademark for instance) ● The use of creativity (creative skills and creative people originating in the arts field and in the field of cultural industries) is essential to the performances of these non cultural sectors
	Architecture		
	Advertising		
Circle 3: Related industries	**PC manufacturers Mp3 player manufacturers Mobile industry, etc…**		● This category is loose and impossible to circumscribe on the basis of clear criteria. It involves many other economic sectors that are dependent on the previous 'circles', such as the ICT sector.

Cultural sector *Creative sector*

Source: EU Directorate General for Education and Culture

THE PARADOX OF DEFINITIONS IN THE CULTURAL SECTOR

Researchers, politicians and legislators unanimously glorify the importance of culture for the society and state, but inevitably run across one of the main paradoxes of the cultural sector and cultural industries, namely the lack of common and generally accepted approaches to determining the structures and borders of the cultural sector as well as standardized methods of analysis. Considerable efforts were taken in this regard, but to date even developed countries lack shared understanding and terminology in the realm of culture.

The term **Cultural industry** (in singular form) to describe theatre, dance, music, films, fine arts, etc., that had grown multiple times over, was offered back in 1944 by scientists from the Frankfurt school (Theodor Adorno, Max Horkheimer) – and a negative meaning was attached to this definition at the time [3].

In the 1970s, a number of researchers (in particular, John Myerscough) began to study the phenomenon with a more positive connotation, the plural variant ('industries') originated at that time as well. Later, they started using the definition 'Creative Industries' as a synonym – though by far not all cultural activities are related to creativity, as stated on page 7. At the same time, analysts paid attention to the fact that the term "industries" itself is perceived in a contradictory way as it raises the question as to what extent culture can be considered an industrial sector (patterns of industrial production as well as sales of goods and services are not always applicable to it). Currently, this is an open question in the practice of the majority of developed countries in the world, actively subsidizing and supporting the cultural sector.

UNESCO defines cultural and creative industries as 'sectors of organized activity, whose principal purpose is the production or reproduction, promotion, distribution and/or commercialization of goods, services or activities of a cultural, artistic or heritage-related nature'. This approach not only singles out industrially copied products of human creativity but also underlines the relevance of the whole production chain as well as certain functions of each sector related to bringing these creations to the public. However, as can easily be seen, the definition is imperfect due to its use of recursion.

One of the first serious attempts to define institutionally what the 'culture' is and how it influences the life of society was undertaken in 1994 in Australia, where the state-based large-scale study, 'Creative Nation: Commonwealth Cultural Policy' was conducted [5]. In 1997, the UK Department for Culture, Media and Sport of the United Kingdom (DCMS) was established within the Tony Blair Labor Government, and 20 years later was renamed the Department for Digital, Culture, Media and Sport. In 2017, it evaluated (based on the Australian development) the influence of creative industries on the economy in the Creative Industries – Mapping Document [6], having significantly impacted the state policy of Anglo-Saxon, and later other countries.

This document defines the criteria for categorizing industries as creative as follows: "originating from individual creativity, skills and talent, availability of potential for creating wealth and employment through the creation and use of intellectual property", and also 13 areas of activity are listed:

- advertising,
- architecture,
- fine arts and antiques,
- crafts,
- design,
- fashion,
- films,
- interactive software for leisure,
- music,
- publishing,
- software,
- television,
- radio.

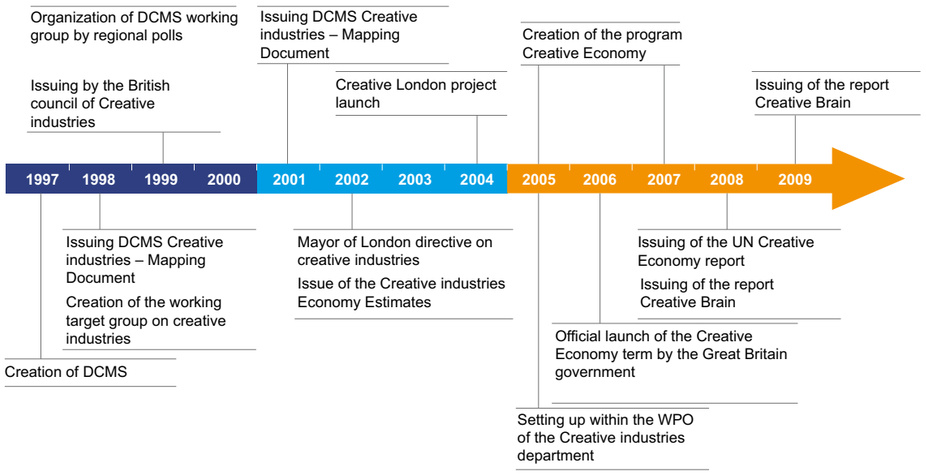
It can be easily noticed that some of these sectors can hardly be referred to creative, nevertheless, after this document was published, British sources have been using the term 'Creative Economy/Industries' more and more often instead of the term 'Cultural Economy/ Industries'.

Unanimity is currently lacking not only from the point of view of the variety of activities drawn into this industry,

but also from the point of view of different approaches and definitions. Thus, if the above-mentioned Creative Industries and the idea of Creative Economy, which expands it, make sense from a British perspective, the French and German terminology uses the Frankfurt school's definition of Cultural Industries. While the Scandinavian approach is characterized by the term Experience Economy, emphasizing the attention to the entertainment industry and the economic component.

Currently, the official definitions of cultural industries in all countries are based on the causal principle: they are lists of activities, fairly various and related to national traditions. For example, architecture in the AngloSaxon and Scandinavian countries is considered to be a cultural industry and not considered to be such in France and India. Sport is considered a cultural industry in Denmark and Spain and not considered to be such in most other countries. Governmental, religious and nongovernmental organizations are included in cultural industries in Spain and New Zealand; jewelery arts are included only in China and Hong Kong; museums are in most countries but not in France, China and Norway, etc. (see fig. 8 "Definitions of cultural industry and its structure in various countries of the world" on page 14).

Fig. 18. Key Events in Developing Approaches to Cultural Economy in the United Kingdom



Source: BOP Consulting

Currently, the official definitions of cultural industries in all countries are based on the causal principle – they are lists of activities, fairly various and related to national traditions.

CONTROL

Fig. 19. Differences in Approaches to Assessment of the Cultural Economy in Different Countries

'Creative industries' approach	'Industries, based on copyright' approach	'Economy of senses' approach	Special study sector
Austria	Denmark (2006)	Sweden (2004)	French community of Belgium
Flemish community of Belgium	Finland	Denmark (2003)	France
Denmark (2000)	Hungary		Ireland
Estonia	Latvia (2005)		Poland
Latvia	Norway		Portugal
Lithuania			Slovakia
Sweden (2002)			Spain
Romania			
Bulgaria			

Source: EU Directorate General for Education and Culture


Photo: shutterstock.com / Oleksandr Nagaiets

Fig. 20. Definitions of the cultural industry and its structure in various countries of the world

Countries / Segments	Australia	Austria	United Kingdom	Germany	Denmark	India	Indonesia	Spain	Italy
Officially accepted terminology in the country	Creative Industries	Creative industries	Creative industries	Cultural and creative industries	Cultural industries / Experience economy	Media and entertainment industries	Creative Industries	Culture sector	Cultural and creative industries
Architecture	•	•	•	•	•		•	•	•
Film and video	•	•	•	•	•	•	•	•	•
Archives		•						•	•
Libraries		•						•	•
Museums		•		•				•	•
Heritage sites and places		•						•	•
Broadcasting (radio and TV)	•	•	•	•	•	•	•	•	•
Performing arts (theatre, dance, festivals)	•	•	•	•	•		•	•	•
Design (product, fashion, graphics)	•	•	•	•	•		•		•
Visual arts, crafts and art market	Includes only creation of works of art	Included into Vienna mapping studies, 2004	•	•	•		•	•	
Publishing (books, press, journals)	•				•		•	•	
Music industry	•	Included in performing arts	•	•	•	•	•	•	•
Software, computer games, multimedia	•	•	•		•		•	•	•
Advertising	•	•	•	•	•	•	•	•	•
Cyber cafes, Internet access providers									
Satellite services, network operators									
Photography retail									
Drugs and medicine									
Wooden furniture and fixtures									
Animation, Video effects (VFX), gaming, casinos						•			
Community and government activities (religious, cultural, education) / Public administration								•	
Research and development							•		
Jewellery and related activities									
Education and training, consulting		•						•	
Cultural-educational activities									
Recreation, entertainment and other cultural activities					•				
Botanical gardens and zoos					•			•	
Discos, night clubs									•
Wine and food industry									•
Audio industry (manufacturing of radios and TV, retail trade of radio and TV equipment)		Included into Vienna mapping studies, 2004						•	
Sport industries					•			•	
Interdisciplinary activities								•	
Tourism					•			•	
Toys/amusement								•	
Other auxiliary activities		•						•	

Fig. 20. Definitions of the cultural industry and its structure in various countries of the world (continued)

Countries / Segments / Officially accepted terminology in the country	China, Hong Kong	Latvia	Lithuania	Macedonia	New Zealand	Norway	Poland	Serbia	Singapore
	Creative Industries	Creative industries	Creative industries	Creative industries	Creative industries / Creative sector / Cultural industries	Cultural industries	Culture sector and creative industries	Creative industries / Creative sector	Creative industries / Distribution industries
Architecture	•	•	•	•	• / • / ∘	•	•	•	• / ∘
Film and video	•	•	•	•	• / • / •	•	•	•	Includes performing arts
Archives		•	•	•			•	•	
Libraries		•	•	•	∘ / ∘ / •		•	•	• / ∘
Museums		•	•	•	∘ / • / •		•	•	• Includes performing arts / •
Heritage sites and places		•	•	•			•	•	Included in performing arts
Broadcasting (radio and TV)	•	•	•	•	• / • / •	•	•	•	• / ∘
Performing arts (theatre, dance, festivals)	•	•	•	•	• / • / •	•	•	•	• / ∘
Design (product, fashion, graphics)	•	•	•	•	• / ∘ / ∘	•	•	•	• / ∘
Visual arts, crafts and art market	•	Fine arts	Fine and applied arts, heritage	•	• / • / •	•	•	•	• / •
Publishing (books, press, journals)	Includes printing and binding			•	• / • Includes printing and binding/ •	•	•		• / •
Music industry	•	•	•	•	• / • / •	•	•	•	• / •
Software, computer games, multimedia	•	Entertainment IT	Entertainment IT	•	• / • / ∘	•		•	• / ∘
Advertising	•	•	•	•	• / • / ∘		•	•	• / ∘
Cyber cafes, Internet access providers	•								• / ∘
Satellite services, network operators									• / ∘
Photography retail									• / ∘
Drugs and medicine									
Wooden furniture and fixtures									
Animation, Video effects (VFX), gaming, casinos									
Community and government activities (religious, cultural, education) / Public administration					•				
Research and development								•	
Jewellery and related activities	•				•				
Education and training, consulting			•	Only foreign language schools				•	
Cultural-educational activities		•		•					
Recreation, entertainment and other cultural activities		•							
Botanical gardens and zoos			•						
Discos, night clubs									
Wine and food industry									
Audio industry (manufacturing of radios and TV, retail trade of radio and TV equipment)							•		
Sport industries									
Interdisciplinary activities									
Tourism				•					
Toys/amusement							•		
Other auxiliary activities									

Fig. 20. Definitions of the cultural industry and its structure in various countries of the world (continued)

Countries / Segments / Officially accepted terminology in the country	Slovenia	Thailand	Finland	France	Switzerland	Estonia
	Creative industries	Creative Industries	Culture sector	Cultural industries	Creative industries	Creative industries
Architecture	•		•		•	•
Film and video	•	•	•	•	•	•
Archives	•		•		•	•
Libraries	•		•		•	•
Museums	•		•			•
Heritage sites and places	•		•		•	•
Broadcasting (radio and TV)	•	•	•	•	•	•
Performing arts (theatre, dance, festivals)	•		•		•	•
Design (product, fashion, graphics)	•	Only jewelery arts and related activities	•		•	•
Visual arts, crafts and art market	•		•		•	Fine and applied arts
Publishing (books, press, journals)	•	•	•		•	
Music industry	•		•	•	•	•
Software, computer games, multimedia					•	Entertainment IT
Advertising		Partly included in broadcasting and publishing	•		•	•
Cyber cafes, Internet access providers						
Satellite services, network operators						
Photography retail						
Drugs and medicine		•				
Wooden furniture and fixtures		•				
Animation, Video effects (VFX), gaming, casinos						
Community and government activities (religious, cultural, education) / Public administration						
Research and development		•				
Jewellery and related activities						
Education and training, consulting			•		Only music schools, included into musical industry	
Cultural-educational activities						
Recreation, entertainment and other cultural activities	Only 'other cultural activities' included		•			
Botanical gardens and zoos	Included into 'other cultural activities'		•			
Discos, night clubs					Included into musical industry	
Wine and food industry						
Audio industry (manufacturing of radios and TV, retail trade of radio and TV equipment)					•	
Sport industries						
Interdisciplinary activities						
Tourism						
Toys/amusement						
Other auxiliary activities					•	

Source: UNESCO

Commentary:
According to the rules of InterMedia for term translation, the closest Russian-language equivalents were used.
The term 'music industry' in different countries may include the recording industry, publishing and concert business in various combinations

Designations:
• – yes ∘ – no

ANNEX 2. POLLS OF LEADING EXPERTS IN CULTURAL INDUSTRIES

From February to September 2019, InterMedia Communications conducted a poll among the leading experts on the cultural industries of Russia. It included members of state, municipal and public organizations, commercial companies, as well as entrepreneurs, freelancers and individuals working in different sectors of culture. The poll was conducted through personal interviews, as well as online in situ. Over 200 managers, administrators and mid-level employees, artists and rank-and-file employees comprised the interviewees.

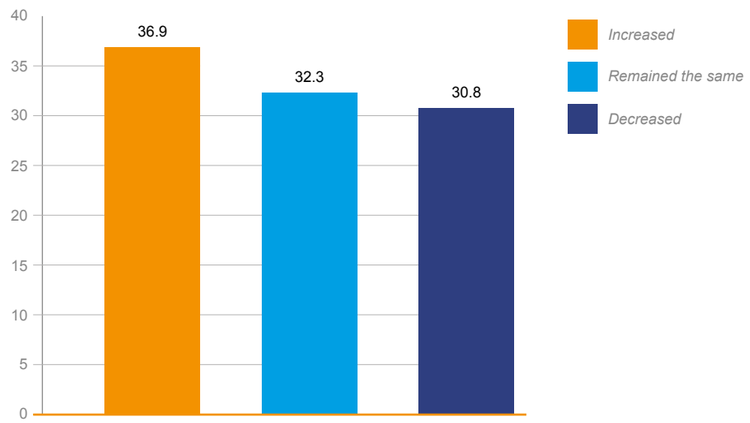
The poll was conducted anonymously, but some respondents allowed their evaluations and commentary to be published.

It's important to highlight, that upon writing this text, fractions were rounded to one decimal place, as a result the total value of fractions may sometimes not be equal to 100%.

Generally, the representatives of the cultural industries assessed the 2018 results with restraint. Thus, 36.9% of respondents from organizations and other structures, conducting commercial activity, reported that business income had increased, 30.8%, that it had decreased, and 32.3%, that it had remained the same.

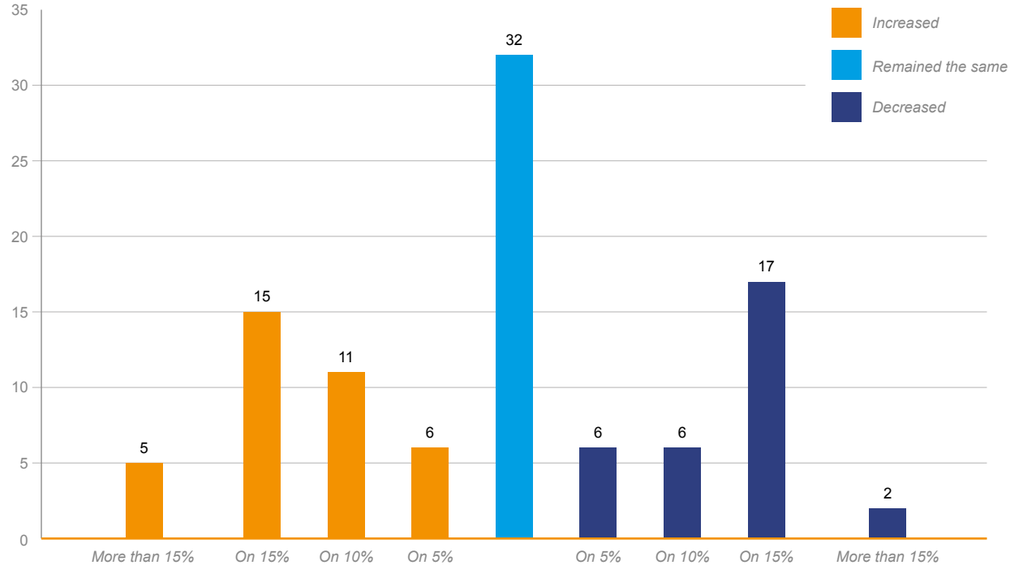
If we look at the income in detail, the second place (after those with the same level of income) is occupied by the respondents who answered that income for the year has decreased by 15%: there were 16.9% of them. 15.4% noted a 15% increase in income. 10.8% of respondents reported a 10% increase in income. Evenly divided were those (6.2% of respondents) who reported a 5% and 10% decrease in income, and a 5% increase. 4.6% of respondents stated that their incomes increased by more than 15%; they decreased by the same value among 1.5% of respondents.

Fig. 21. Revenues earned from business activities, %



Source: InterMedia

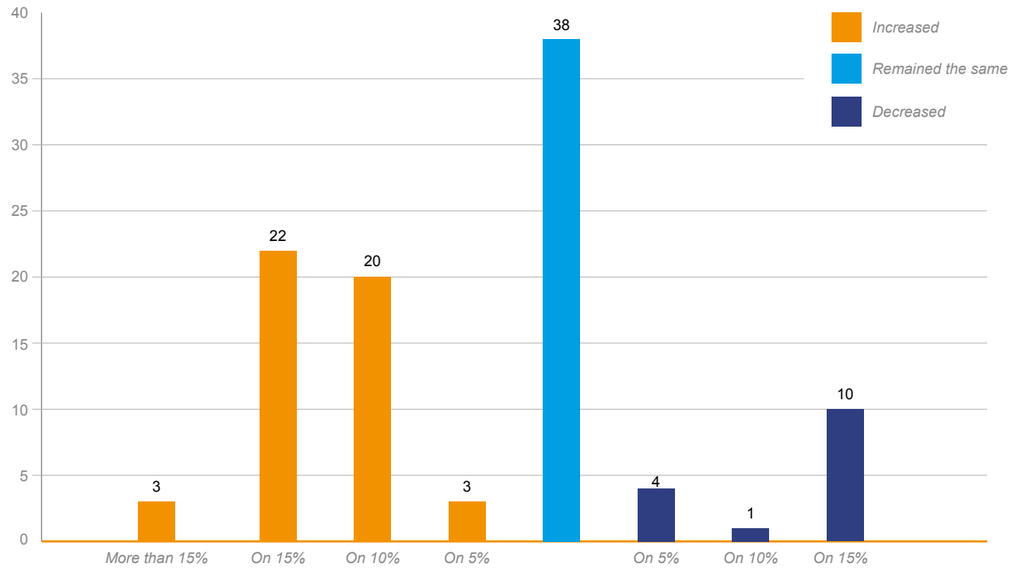
Fig. 22. Revenues earned from business activities (total / cumulative), %



Source: InterMedia

Commentary: Estimation of answers about business revenues didn't include opinions of commercial companies' representatives.

Fig. 23. Volume of work, %



Source: InterMedia

At the same time, the volume of work for the majority of organizations and other structures has not changed, as 37.8% of experts said. An increase in the volume of work by 15% was noted by 21.6% of respondents, and by 10% – 20.3%. More 9.5% stated that their volume of work decreased by 15%.

Experts note the lack of budgetary allocations to cultural industries, as well as income from sponsors and patrons. 52.6% of respondents reported a complete lack of budgetary allocations, and 56.4% a lack of income from sponsors and patrons. A quarter of experts from different industries (25%) stated that the volume of budgetary allocations remained the same; over half (56.4%) stated the same about sponsor funds. While 11.2% of experts reported a decrease in budgetary allocations, and only 10.5% noted an increase. The situation is a bit more positive with regards to income from sponsors and patrons: 10.3% noted an increase of the volumes, and only 5.1% a decrease.

The majority of experts (46.7%) noted an increase in the number of organizations and other creative units in the cultural sector. Only 36% stated that their number remained unaltered, while 17.3% stated that it had decreased.

Among the respondents who took part in the online survey, most of them were engaged in performing arts, music, cultural and leisure activities, as well as in electronic media and the creation of audio recordings and movies.

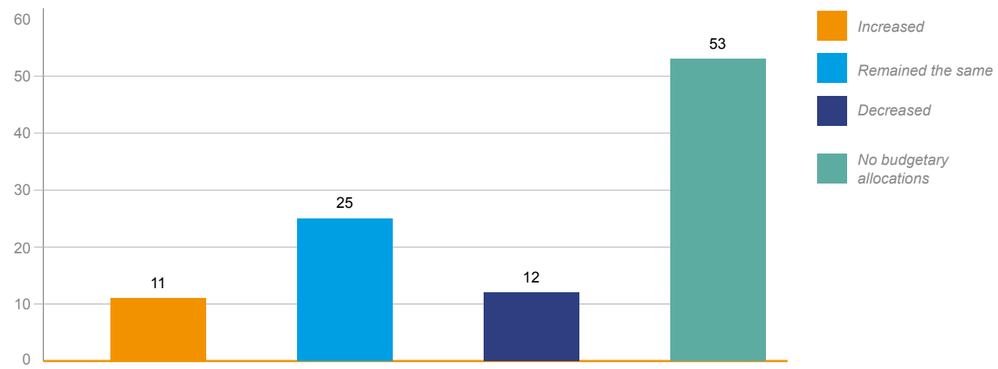
From these segments the biggest growth in business income was noted by experts occupied in the sector of cultural leisure organization: 38% of respondents. Besides, income increase was noted by representatives of organizations that create audio recordings (33%) and performing arts events (28%). Half of respondents from among cinema and electronic media staff (50% in each) reported a lack of any dynamics in incomes. Representatives of cultural leisure organizations and entertaining events of performing arts (33% in each category) reported that business income had decreased.

The most significant growth in budgetary allocations was reported among organizations of cultural leisure (19%), and the smallest, in music (3%). A lack of growth at the respective income line was reported by representatives of electronic media and films. Besides, more than a half of experts from the digital media sector (80%), cinema (57%), music (56%), as well as more than a half of respondents, creating audio recordings (45%) and those occupied in the realm of performing arts events (42%) reported the complete lack of budgetary allocation.

An increase in income from patrons and sponsors was reported primarily by representatives of electronic media (18%), music and films (12% in each category); a lack of change was reported by experts among phonogram creators (56%). While 25% of respondents occupied in the film industry reported a decrease in this kind of income. A lack of sponsor income was most actively reported by experts from cultural leisure organizations (60%), audio recording creators (55%) and those occupied in the realm of music production (53%) and performing arts events (49%).

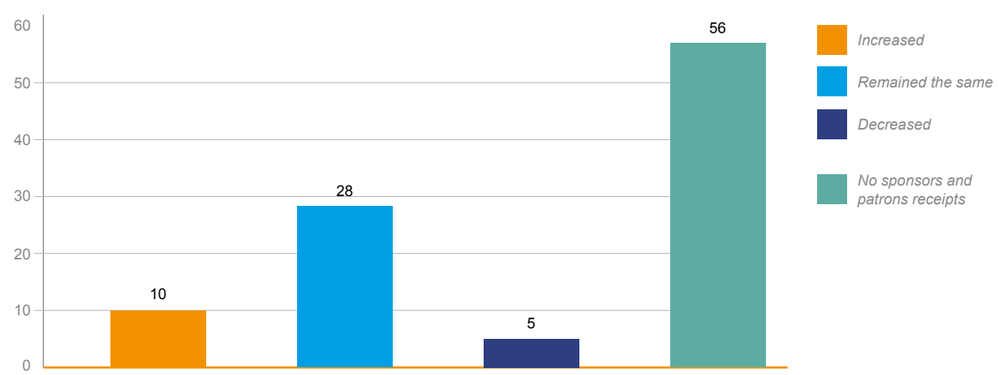
Among the growth drivers, cultural industry experts noted different factors. The majority reasoned that in 2018 the cultural industries were driven by new technologies and social media, growth in the number of and ticket sales for concerts, as well as the World Cup held in Russia. Among other important events influencing the cultural industries, they named deterioration in the economy, a drop in the living standards of population, new educational programs for employees in the creative sector, as well as state policy in the culture sector, which was evaluated highly by some experts, and others considered it an absolute failure.

Fig. 24. Budgetary allocations, %



Source: InterMedia

Fig. 25. Volume of income from sponsors and patrons, %



Source: InterMedia

ANNEX 3. CHARACTERISTICS OF SOME IMPORTANT SEGMENTS OF THE CREATIVE INDUSTRIES IN THE RF IN 2018

Fig. 26. Performing Arts Industry

Number of venues where events, for which tickets are sold, are held	4,400
Total capacity of venues	4,500,000
Number of organizations managing concert halls	3,000
Number of organizers of entertainment events (legal entities and entrepreneurs)	4,100
Number of professional performers (regular bands and solo performers)	10,000

Source: InterMedia

Fig. 27. Film Industry

Number of cinemas	1,907
Number of cinema halls	5,341
Number of film releases (total)	521
Number of Russian film releases	142
Number of screenings, mln	10
Box-office, bln rubles	50.3

Source: Cinema Fund

Fig. 28. Culture and Leisure Institutions of All Departments, Including the Russian Ministry of Culture

Number of culture and leisure institutions	42,546
Number of mass cultural events	8,438,341
Number of mass cultural events on a fee-paying basis	2,454,594

Source: Chief Information and Data-Processing Computer Center of the Russian Ministry of Culture

Photo: shutterstock.com / Angelo Cordeschi

Fig. 29. Culture and Leisure Parks

Number of culture and leisure parks	297
Number of leisure facilities, pcs.	6,502
Number of concert venues and pavilions in parks	550
Number of mass cultural as well as physical and health-improving events in parks	80,451

Source: Chief Information and Data-Processing Computer Center of the Russian Ministry of Culture

Fig. 30. Zoos

Number of zoos	32
Number of individual visits to zoos, thousands of people	11,330.1
Number of visits for tours, thousands of people	209.9
Number of lectures in zoos	5,369
Number of animals in zoos	98,554

Source: Chief Information and Data-Processing Computer Center of the Russian Ministry of Culture

Fig. 31. Museums of All Departments, including the Russian Ministry of Culture

Number of museums and branches	2,809
Total amount of museum collection, pcs.	90,632,947
Number of cultural heritage properties	11,838
Number of individual visits to exhibitions and displays, thousands of people	75,926.8
Number of individual visits to exhibitions and displays, thousands of people	37,854.2
Number of mass events in museums	109,911
Number of exhibitions	81,277

Source: Chief Information and Data-Processing Computer Center of the Russian Ministry of Culture

Fig. 32. Television

Percentage of the population of the Russian Federation able to receive mandatory public television and radio channels in places of permanent residence, %	100
Percentage of the population of the Russian Federation able to receive digital terrestrial national mandatory public television and radio channels, %	98.4
Average number of TV channels in urban households	72
Average daily TV-watching time (HH:MM)	03:50

Source: Federal press and mass communications agency

Fig. 33. Books

Number of books and pamphlet published	116,915
Number of new editions	102,901
Cumulative print run, mln pcs.	432.3
Number of book publishers	5,794

Source: Federal press and mass communications agency

Fig. 34. Radio

Number of radio stations	719
Number of radio stations with entirely original programming	433

Source: Federal press and mass communications agency

Fig. 35. Advertising volumes by means of distribution

Television, bln rubles	187
Radio, bln rubles	16.9
Press, bln rubles	18

Source: RACA

Fig. 36. Household electronic appliances

Sales of consumer electronics, thousand pcs:	60,133.6
– computers (desktops, portable computers, monitors, printers)	7,290.1
– In-car entertainment (cassette players, in-car radio players, in-car CD players and in-car DVD players, in-car navigation, in-car speakers). Factory and dealer installed systems are excluded	1,540.4
– In-home consumer electronics (home audio and cinema (audio separates, home cinema & speaker systems, Hi-Fi systems and other home audio & cinema), home video (televisions and video players))	6,843.2
– Portable consumer electronics (cameras, camcorders, mobile phones, wearable electronics, and portable media players (e-readers and portable media players)). Products designed for use in medical, military and any other profession such as diving are excluded	44,459.8

Source: Euromonitor International

Photo: shutterstock.com / Marko Subotin

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Editorial Board

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