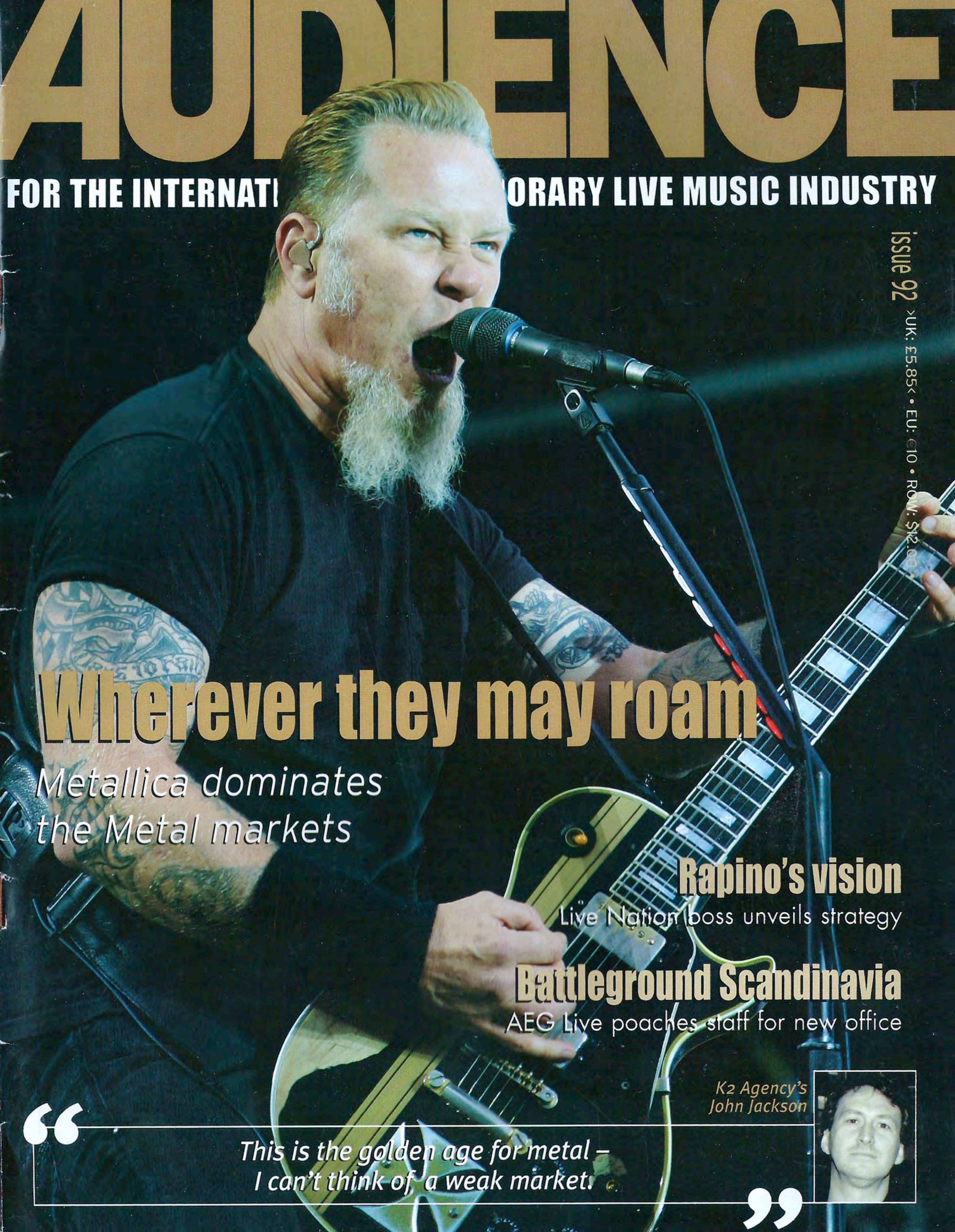


# AUDIENCE

FOR THE INTERNATIONAL CONTEMPORARY LIVE MUSIC INDUSTRY

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## Wherever they may roam

*Metallica dominates the Metal markets*

### Rapino's vision

*Live Nation boss unveils strategy*

### Battleground Scandinavia

*AEG Live poaches staff for new office*

*K2 Agency's John Jackson*



“

*This is the golden age for metal – I can't think of a weak market.*

”

# Russia

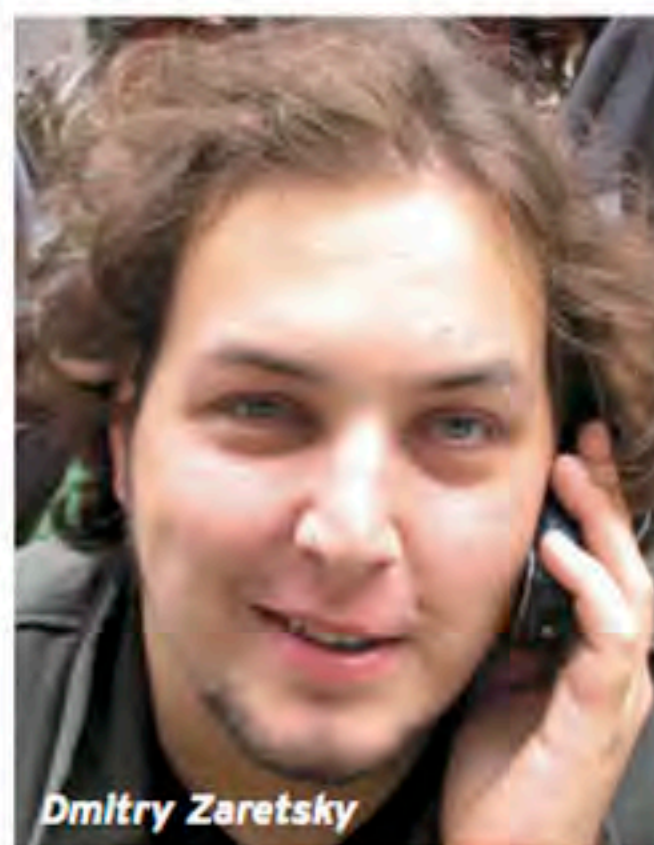


**As the country's economy booms, the rate of growth in the live event business is astonishing, but much is limited to just two cities and there are many obstacles to wider expansion. Fortunately, Russia's leading promoters of international artistes are ambitious souls. James Drury reports**

In the 18 years since the Iron Curtain came down and the Soviet empire disintegrated, Russia's embrace of the free market economy has been nothing if not enthusiastic.

During that time a voracious appetite for once-banned Western entertainment has also led to a boom in demand for shows by international rock and pop bands.

But even as the Russian market begins to catch up with that of its neighbours in Western Europe, it is hampered by such problems as a lack of suitable venues, the huge distances between cities, a distrust of the rouble and accounting systems which are felt to be less than transparent.



Dmitry Zaretsky

**“Our market has grown 100 per cent in the last five years”**

Vera Borina

Attempts to overcome these obstacles, and change the perceptions of outsiders, are not helped by newspaper headlines which tell of artistes such as George Michael, Elton John and Eminem being paid millions of dollars to play at private parties for the super rich.

Neither does the realisation that this is still a territory where, outside the capital Moscow, promoters must rely on sponsorship deals to make concerts pay, but can no longer turn to traditional partners like alcohol and cigarette companies. Advertising of both at live events is at best severely restricted by new government legislation or at worst is banned.

Established in 1987 by Nadia Solovieva, Moscow-based SAV Entertainment is the country's longest established major promoter and has organised concerts by Elton John, Diana Ross, Tina Turner, David Bowie, Scorpions, Bryan Adams, Depeche Mode and many others.

Recently it sold 47,000 tickets for Metallica at Moscow's Luzhniki Stadium, while a free Elton John Show in Rostov-on-Don attracted 100,000 people.

“We are still very much an emerging market and will be for a few years yet,” says SAV's Dmitry Zaretsky. “But that can depend on

your definition of emerging. If you look at Moscow, you'll see an incredibly large number of shows taking place, including a really big one every week.”

Zaretsky points to the opening of a new 3,000-capacity venue, the B1 Maximum which fills the gap between 1,000-capacity clubs and 10,000-seat arenas.

“We have recently promoted shows by Placebo, Evanescence, Iggy and the Stooges and Stereophonics there,” he says. “We are also planning to put some big-name arena bands in the venue, but haven't announced them yet.

“We chose this venue rather than an arena because audiences like going there and would rather pay a higher ticket price for a more intimate show than go to an arena. Artistes like it too because they can see the audience close-up.”

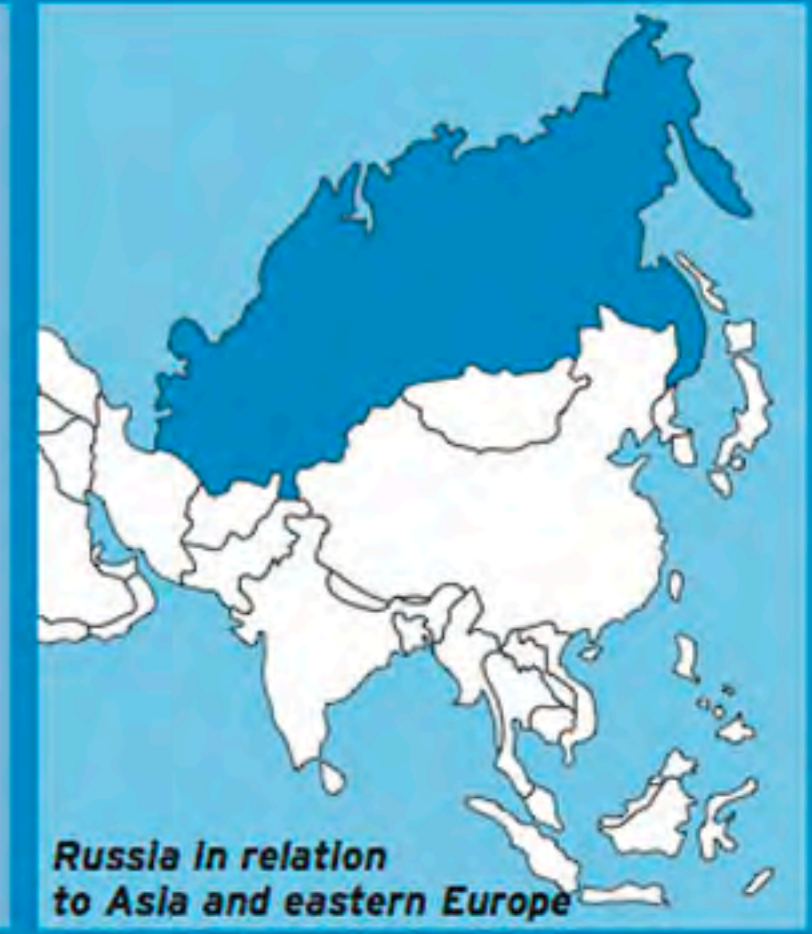
Zaretsky is optimistic about the future and believes that the Russian music market will improve significantly over the next five years.

“However nothing will change until after the presidential elections next year,” he



## RUSSIA STATS

Population (millions)	141.8
Per capita GDP (US\$)	12,200
Internet penetration (%)	19.5
Per capita albums sales (US\$)	2.8
Per capita album sales (units)	0.6
Economic growth (%)	6.7
Currency	Rouble



says. "Everyone is waiting to see who will be president and what policies they will bring in."

## Tours and tourism

In Russia's second city St Petersburg, Planet Plus concentrates on promoting local artistes but, since it was established in 1998, it has also put on shows by such as the Rolling Stones, Aerosmith and Ozzy Osbourne.

"I'd say 60-70 per cent of our concerts are with Russian artistes," says Planet Plus talent buyer Vera Borina. "Our market has grown 100 per cent in the last five years, which is good because artistes and agents have realised that you can come here and it's not dangerous, it's interesting and it's profitable."

Borina believes that many artistes like coming to St Petersburg because it is a centre for international tourism. "There's so much to see here, so we help the artistes not just to do the concert, but have some leisure time as well."

It is nevertheless true, she adds, that while young bands and DJs do well in Moscow, it's the more established acts that go down best in St Petersburg.

"A lot of these bands tour at the same time during June, July and August. Unfortunately August is a dead month for concert business in St Petersburg, which means we have to try to fit them into two months," says Borina.

"Unfortunately people can only afford to go to a limited number of shows in that time, so it can affect ticket sales."

## Rapid growth

Booking and promotion company Talent Concert International (TCI) was set up in 1995 by Ed Ratnikov, who had previously been involved in the first Russian shows by international artistes such as Metallica and AC/DC with Monsters Of Rock at Tushino Airfield in 1991.

More recently the company promoted shows such as Scorpions at Kremlin Palace (5,600), an 11-date Glenn Hughes tour and two dates with Chris Rea in 5,800- and 12,500-capacity venues.

TCI also books acts for casinos, clubs, open-air events, sponsored and corporate shows, as well as securing international artistes on behalf of partners in developing markets like Ukraine, Belorussia and Kazakhstan.

"This is a great time for the Russian market because it has developed so rapidly," says Ratnikov. "There are more shows and more opportunities than ever. This has been our busiest year to date."

"But ticket prices are going up. One of my complaints



is that sometimes my competitors will overpay artistes and make up for it by raising ticket prices."

He reports that markets outside Moscow are shallower and growing at a much slower rate than the capital. He says this is because the most lucrative job opportunities are still to be found in Moscow.

Ratnikov also provides acts for private parties in Moscow where artistes can earn massive fees, but stresses that this is not his business model.

"We're hard workers doing regular shows and relying on ticket prices. What we really want to do most is build up the market and TCI's business with it."

A clutch of new venues should be of assistance in this respect and Ratnikov promoted the inaugural international concert at the new 11,000-capacity Khodynka Arena in Moscow, with the Black Eyed Peas on September 20.

Elsewhere in the capital, the city authorities have announced a 6,000-capacity concert hall, to be completed by 2009, and a further 3,000-capacity luxury theatre, 200 metres from the Kremlin. Meanwhile a 40,000-capacity stadium with accompanying 11,000-capacity arena is to be built near Tushino airfield and is set to open in 2010.

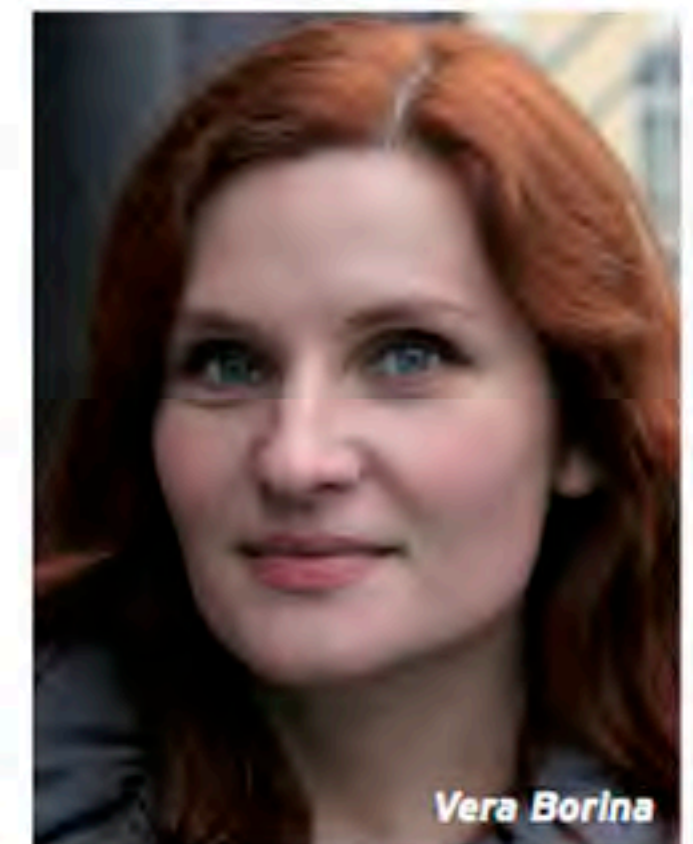
Ratnikov says he is trying to raise finance for a chain of music venues in key sites across the country. Not only will this create a self-contained tour circuit, he explains, but also link the Baltic States in the west with Russia's far eastern corner, and so build a bridge between Western Europe and Japan.

## Best of the fest

Another St Petersburg promoter is Nord Concerts Alliance (NCA). It has been working with international artistes since 1997 and currently hosts about 60 concerts a year.

**“It is impossible to make money through ticket sales alone so we are reliant on sponsorship”**

Ilya Bortnik





Michael Shurygin

Among NCA's most recent events have been sell-out shows by Linkin Park in Moscow and St Petersburg (15,000 and 12,000 respectively), as well as others by Evanescence, Nine Inch Nails and Gary Moore.

NCA is also the largest festival promoter in Russia, putting on nine annual events, including the three-day Nashestviye (Invasion, in English) Festival which this year attracted 100,000 people. The show is co-promoted with a national rock music radio station, which allows ticket prices to be as low as 500 roubles (\$20) for a three-day pass.

It also organises the annual Heroes of World Rock, which is in its fifth year and has presented artistes such as Smokie, Sweet, Slade, Nazareth, Animals, UDO and Uriah Heep.

"The market here is definitely stronger than it used to be," says NCA president Michael Shurygin. "Promoters have now learned all the major lessons that the developed markets learned five or 10 years ago.

"The only things which are holding us back is the rouble, which is not yet a stable European currency, and our accounting systems, which are not transparent enough for tour accountants, so we have to do flat deals with most artistes."

St Petersburg and Moscow are the only places where new international acts such as Mika, Kaiser Chiefs and Maroon 5 can play, says Shurygin, as populations outside those cities has less access to channels such as MTV, and local radio stations mostly play classic rock.

Apart from market conditions, the logistics of touring Russia remain a problem. With massive

distances between cities and a patchy infrastructure which is not conducive to trucking large productions, there is only one practical way of travelling - private jet. So this clearly excludes major productions from playing elsewhere, explains Shurygin.

## The big stage

JSA is the country's largest staging company and works on just about every major concert, from Elton John to Metallica. It also has a show production arm.

"After working for more than 11 years on prestigious Russian and foreign projects, including concerts in Red Square, we have the luxury of being able to pick and choose our jobs," says founder and president Alexander Strizhak. "We like to believe that our involvement guarantees that the show will be of the highest quality."

JSA spokesman Alexey Kotelnikov says the biggest challenges facing companies is the amount of time it takes for international acts to get through customs, transport costs and a lack of modern concert halls.

St Petersburg-based SP Concert started life as The Night Theatre in 1988 and changed its name when it became fully independent in 1993.

Alongside leading Russian acts, SP Concert has promoted shows by international acts like Nick Cave and the Bad Seeds, Uriah Heep, Nazareth, Bloodhound Gang and UDO. Recently ex-Smokie frontman Chris Norman drew over 5,000 fans to Moscow's Kremlin Palace, while Buena Vista Social Club presents Omara Portuondo filled Moscow's International House of Music (1,800).



Alexander Strizhak

## T.C.I. RUSSIA: Your dependable partner from the Pacific Ocean to the Baltic Sea.

The Russian booking and promotion agency, TCI - Talent Concert International, was founded in 1995, by Ed RATNIKOV, who had wide experience in promoting & touring before starting his own company. He was involved with the first shows of international artists in Russia: Monsters Of Rock (1991) at Tushino Airfield with Metallica and AC/DC, then went on to promote Sepultura in 1992 in Moscow, St. Petersburg, Riga and Vilnius, and after that toured the US with the American Jazz star, Stanley Clark.

During our first year, we started what had never previously existed - Russian tours of international artists; even what Russian artists did in those days could hardly be called touring. So, in 1996 we successfully made joint tours with Nazareth and Uriah Heep with a total of 37 shows in 4 - 5000 capacity venues in cities where people weren't even dreaming of seeing live shows with their international idols. Nazareth and Uriah Heep were chosen for these early tours because the bands were known from the times of the Soviet Union and so there was interest all over the country for them to play in cities beyond the usual two.

Having been first in organizing Russia-wide tours with international artists, we continued arranging tours all over Russia, creating a strong basis for the situation now where Russia is considered as a country where the right artists can make tours of up to 15 shows, not just 2, while at the same time being able to expect all the related aspects of travel, production and hospitality to be at international standard.

We are also one of the first promoters to bring in alternative bands for younger audiences who were rarely able to come earlier in the 90's as then international shows were mostly sponsored by financial institutions and aimed at elite audiences. Our 90's tours included: BIOHAZARD, MOTORHEAD, MANOWAR, FAITH NO MORE, CLAWFINGER, THE ROLLINS BAND, MOLOTOV, SLAYER, THE BLOODHOUND GANG and others.

In '98 and '99 TCI was the promoter of a three-day sport and entertainment event: the Streetball Challenge Cup sponsored by Adidas and Coca-Cola next to Red Square with rap stars Coolio, Run DMC and Ice T., with an attendance of around 70,000 per day. These events were free but our dream is to create a Russian fully-ticketed festival featuring international headliners - no easy task for many reasons, but one we're determined to achieve.

In 2001 we promoted two shows with RAMMSTEIN which were nominated in the Russian press as «the most successful shows for many years». In 2002 and 2004 we promoted further sold-out shows with RAMMSTEIN in St. Petersburg and Moscow in the biggest indoor arenas in Russia with capacities close to 20,000.

Among other events, in June 2003 we promoted MOBY in sold-out arenas in Moscow and St. Petersburg with Philips as sponsor. The Moscow show was broadcast by MTV Russia, and the Russia-wide audience found this show to be one of the most superb they'd ever seen.

During 2001-7 among other artists, TCI promoted: BLUR, THE CARDIGANS, GARBAGE, IGGY POP, NICK CAVE, SCORPIONS, CHRIS REA, RAMMSTEIN, THE PRODIGY and THE BLACK EYED PEAS.

Besides working as promoter, TCI often works as artist-booker and show-arranger for a wide array of artists and events: including casinos & clubs, open-air events, local political, sponsored and corporate events, as well as booking international artists for clients in the developing markets of the former Soviet republics such as Ukraine, Belarus and Kazakhstan.

With this experience behind us, we plan to carry on for decades to come as an expert, specialized and dependable partner in the promoting & touring of international artists in the ever-growing Russian and former Soviet markets.

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"There is more interest in international artistes among Russian audiences, compared to five years ago," says SP Concert chairman Igor Grishin. "I suppose this closely relates to the growing affluence among the Russian people, who now want to see better quality and more interesting projects for their money."

## Meeting demand

Former SAV Entertainment Booker Alex Ivanov formed his own agency, GlobeArts, two years ago to work predominantly with local jazz artistes and programme events at two clubs in Moscow.

In June he organised the one-day Unicef Classic and Jazz Gala, sponsored by Nokia and direct marketers Amway, which presented artistes like Maria Guleguina, Denis Matsuev and Larisa Dolina to 3,000 people in Moscow's Kolomenskoe Park.



He believes the dearth of medium-sized venues, even in the capital, holds many promoters back. A further challenge has been recent legislation restricting tobacco and alcohol advertising, which has hit sponsorship opportunities.

"There was a period when local and international brands were interested in sponsoring music events, but it's not so popular now because of the new regulations," he says.

Ivanov says Alfa Bank recently sponsored artistes such as Aerosmith and Elton John, but lower profile acts struggle to attract deals. However, he reports a strong market in "retro" acts such as ELO Pt II, Manfred Mann and others.

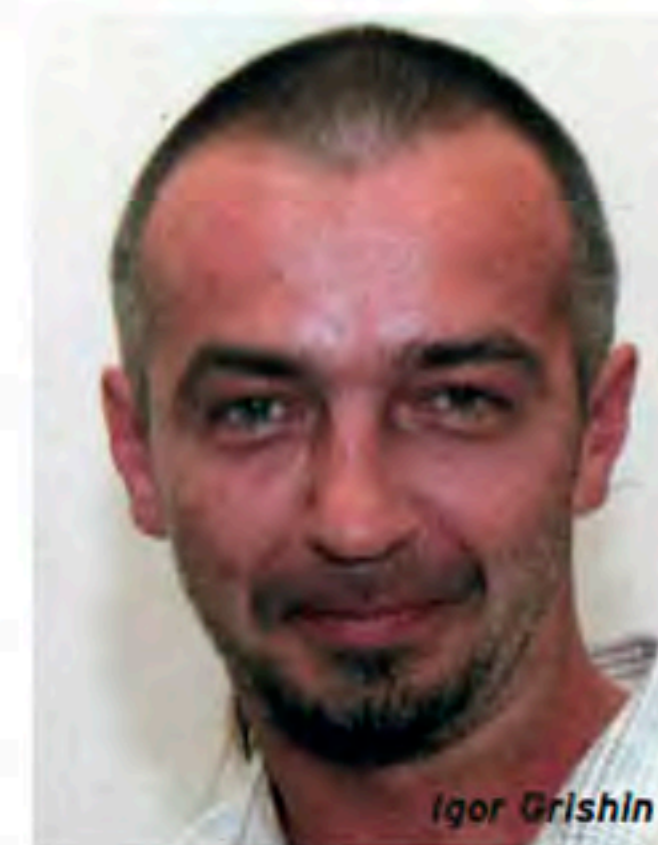
"People who grew up with this music as youngsters under the Soviet government are now successful adults and want to hear the music they listened to on tape when they were younger played live".

He adds that there are currently three forms of Boney M touring Russia, all of which are doing "good business."

## Growing stronger

Ilya Bortnuk is MD at Light Music, a company he set up six years ago, after a long music career in record labels, radio and journalism.

Light Music has promoted shows by artistes such as Kraftwerk, Marc Almond, David Byrne, Franz Ferdinand, Brian Eno, The White Stripes, Chicks On Speed and Gus Gus, at venues with capacities ranging from 500-4,000. In October it will present the Chemical Brothers at Yubileniy Arena in St Petersburg. Bortnuk hopes to sell 8,000-9,000 tickets for the show.



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Marina Lensu

"In the Russian market it is impossible to make money through ticket sales alone so we are reliant on sponsorship," he says. "We mostly work with beer brands."

He says in general he feels the market is getting stronger, "We recently did a show with Sonic Youth which sold 1,500 tickets. I'm not sure we would have done that many people two or three years ago."

The company also runs the annual Stereo-Summer festival.

"It is a bit like Sonar in Spain, because there are different genres of music," says Bortnuk. "Artistes have included Air, Ladytron, Gotan Project and Future Sound of London. We get about 3,000-4,000 people per year."

Parter and Kontramarka introduced on-line ticketing to Russia in 2000 and sell tickets to 1,000 events a day, including shows by acts such as Ozzy Osborne, Metallica, Placebo, Muse, Elton John and Roger Waters.

In 2006 both companies were acquired by Germany-based European ticketing giant CTS Eventim and now command a customer database of over 500,000 and provide booking services for hundreds of venues.

## Ups and downs

General director Marina Lensu says the booming business has a downside, "More people are ready to pay more for tickets, but on the other hand there is a rush to promote shows," she says. "Along with professionals who have worked in the

market for years, some independent companies and people have recently started up. They are attracted to this business because they think you can earn easy money,"

"Such people overpay artistes and cause trouble for the professionals by forcing them to increase ticket prices to cover the extra cost. They spoil the concert market and make it impossible to organise some events, because they are not longer profitable."

Similarly new ticketing agents are having a detrimental effect on the market by charging minimal commission rates, she suggests.

According to Lensu, there are also some members of the public who are willing to buy tickets at 50,000-75,000 roubles (\$2,000-\$3,000). "But it is only a very small number and as a result, top tickets often go unsold and you end up with unprofitable events."

Having said that, Moscow's market situation cannot be compared with the economic circumstances of the rest of the country. The most expensive tickets are in Moscow, with some even as high as 87,000 roubles [\$3,500], says Lensu.

Similarly, St Petersburg has always been more culturally liberal, perhaps because it's closer to Western Europe, and that has made it easier for promoters to stage events there.

While some acts, usually of the heritage variety, are certainly touring wider afield and the market is rapidly developing, the mere geography of the country is probably the main obstacle. Nevertheless it remains a land of great opportunity.

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