

MARKET FOCUS

Russia

Vegas

CITY HALL

WELCOME TO VEGAS CITY HALL

Vegas City Hall

It has been a challenging market since major international artistes started visiting in the late-'80s, with politics, although of a different kind, still a factor, but now compounded by harsh economic constraints, there are new venues and Russia's leading promoters – as always – find a way to make things happen. Dave Roberts reports

Think of Russia and the first word that might spring to mind is Revolution, in an historical context.

Far more appropriate for those operating in the country's live music sector would probably be Resilience – especially now, as its participants struggle with an economic and political climate that is causing the kind of turbulence that makes domestic audiences uncomfortable and international artistes concerned.

Russia has a population of over 140 million – the ninth highest in the world – but in terms of land mass, at 6.6m square miles, it is actually the biggest country in the world, and yet there are only two cities with over two million inhabitants – Moscow with 12m and St Petersburg with five million.

Its economy, meanwhile, has been devastated by the double whammy of falling oil prices – \$115 per barrel in summer 2014 to under \$30 in early 2016 – and international sanctions imposed as a result of President Vladimir Putin's annexation of the Crimea region of Ukraine, and his ongoing support for Syrian President Bashar Assad.

That 2014 meltdown came around 18 months after Live Nation Entertainment (LNE) opened an office in Moscow, which it now appears to have closed. The firm did not respond to requests for information, but a local promoter says that, whilst LNE had been "very busy" for a couple of years, the extent of its

activity was "making a deal with an artiste and then creating an auction for them over here".

However, this year there may be some signs of encouragement for those that remain.

Oil prices are slowly rising, US President Donald Trump looks like being a friendlier face in the White House, the stock market is rising and inflation fell from over 15 per cent in December 2015 to under 5.8 per cent last December.

Plus, new stadiums are being built and infrastructure improvement is continuing ahead of



"Russian fans want more for their money than ever before, because they have so little of it"

Vera Borina

next year's football World Cup.

A ray of sunshine in the live sector is the continued growth of Moscow-based promoter Pop Farm. Founded in 2013, it has already established a strong reputation.

"For us, 2016 was our biggest year so far," says the company's Dmitry Zaretsky.

"To be honest though, a big part of that was a major sold-out tour by the Russian singer Zemfira, who played 21 shows in 20 cities to around 170,000 people. Other than that we

had quite a lot of big sold-out shows, such as Sia, Twenty One Pilots, Imagine Dragons, Hurts and others."

Looking at the market in general he says, "Last year was okay, especially compared to 2015. There

have been less international shows, but the domestic bands are on the rise, with more and more of them moving from theatres into arenas.

"The main challenge is the unstable currency. All of the guarantees are paid in foreign currency, so we have to sell twice as many tickets to pay the same guarantees. But on the plus side, there are less and less cowboy offers for big names."

He picks out a local bright spot as the opening of the new VTB Arena (cap 12,000) in Moscow, set for 2018, and says only one act has refused an offer for political reasons, which he believes it will be even less of a problem now, "seeing that the lad on the other side of the Atlantic is taking over as the No 1 bad guy in the eyes of the world's cultural elite".

In terms of genres, he says rock is generally a good sell along with Russian language hip hop, but there has been a drop for EDM.

"The likes of Armin Van Buuren and Tiesto are doing around 3,000 tickets in Moscow, three times fewer compared to a few years ago," Zaretsky explains.



Dmitry Zaretsky



Economic pressures

SAV Entertainment has been one of Russia's leading promoters for decades, but director Nadia Solovieva acknowledges that right now is an especially tough time. She reports business last year as being down 40-50 per cent on 2015.

"People do not have enough money to go to concerts and the dollar exchange rate is twice what it used to be," she says. "Local acts now have an advantage because the fees are in roubles."

In 2016, SAV enjoyed successful Moscow shows with Simply Red and Elton John, both at the Crocus City Hall (cap. 7,500) and Maroon 5 at the Olympic Arena. Iron Maiden and Black Sabbath shows were not as successful as hoped.

Despite everything, Solovieva says the new stadiums being delivered regionally for the World Cup is good news. "I'm optimistic, I'm always optimistic or I wouldn't

have been in the business for 30 years."

However, she reports strong sales for Kiss and Aerosmith both at Moscow's Olympic Arena and Depeche Mode at the city's Otkritie Arena, (45,000).

It's no surprise to see two classic rock acts playing the Olympic Arena. The venue's Anna Prashchikina believes the prestige of playing the venue helps it ride out rough times.

"For Russian musicians it is the top moment in their career to play a concert here," she says.

"There is an expression, 'Hi Olimpiyskiy', which means you are so successful you can talk to a crowd of thousands."

Last year's biggest shows were Muse's Drones tour and two nights for Zemfira.

"It was the first time, we had eight concerts in the summer, usually the quietest time of the year for indoor venues," says Prashchikina.



Anna Prashchikina



Nadia Solovieva

Population:	143.5 million
Language:	Russian
Currency:	Ruble (RUB)
US\$ exchange rate:	0.017
GDP per capita (US\$):	25,400
Internet users:	102.2 million
Broadband households:	31.3 million

(Source: IFPI)

Like everyone else, however, she has concerns about rising ticket prices.

"After the economic collapse at the end of 2014, prices doubled," she says. "Despite this, fans were ready to pay more to see their adored musicians."

As well as Kiss and Aerosmith, promoted by SAV, and Imagine Dragons (Pop Farm), Prashchikina says this year's biggest shows at the venue will be Armin Van Buren

in March, with ticket prices starting at 1,450 roubles (\$25) and Robbie Williams September, with tickets starting at 2,300 roubles (\$40). ▶



Olympic Arena



Otkritie Arena

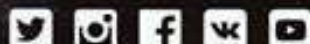
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PopFarm

In favour

William's show, part of his Heavy Entertainment tour, is being promoted by Talent Concert International (TCI), run by one of Russia's most experienced and knowledgeable live music veterans Ed Ratnikov.

There is also a St Petersburg date at the Ice Palace (12,000) in September.

"Robbie is one of the favourite artists of the Russian oligarchs, so we are hunting for some private dates in between," says Ratnikov. "Party Like a Russian [sample lyric: 'It takes a certain kind of man with a certain reputation/To alleviate the cash from a whole entire nation.'] was a big hit here, his biggest selling single, in fact."

Last year TCI resurrected the Maxidrom festival, after a three-year absence (it was previously promoted by Moscow-based radio station Radio Maximum. It took place in June

in the Otkrytiye Arena; with Rammstein, Editors and Crazy Town on the main stage and a separate dance tent, although Ratnikov admits, "we didn't have enough sponsorship to make it really great, not enough money to book someone like Skrillex".

Around 40,000 tickets were sold at an average

of around 5,000 roubles (\$87), which Ratnikov classifies it as a very successful comeback, bigger and better than all the previous Maxidroms. Nevertheless, there will be no 2017 event.

"This year we had problems," he explains. "Russia is not really established for festivals and whenever a promoter tries to do one, it is not easy, there's never enough money. And to find a proper location, with good easy access, to deal with the local authorities, again, it's not easy. It's a question of money and money, all the time."

"Plus, Russian people almost never buy tickets in advance, and that makes things hard. It's not a music thing, it's a philosophical thing: Russians are fatalists. Also, when we looked at headliners, the people who could have done it, like Bon Jovi, Coldplay, Guns N'Roses, they're not around this year."

An alternative, scaled back version of Maxidrom was also dismissed.

"I decided to do it indoors, at the Olympic Arena, with Zemphira headlining," says Ratnikov. "I'd already lined-up some other artistes, like Richard Ashcroft and we were talking to acts like the Kaiser Chiefs, but unfortunately, after we'd agreed everything, Zemphira decided to cancel all shows and festival appearances in 2017."

"We're now talking to SAV about bringing it back as a joint venture in 2018. Metallica are a possibility as a headliner, if the time and money is right."

Looking at the market as a whole, Ratnikov's goal is to see a more joined-up touring network. He knows, however, that it's a challenge.

"In somewhere like Samara [the sixth biggest city in Russia, with a population of around 1.2m] there are a lot of people, but we cannot sell enough tickets at the right price to put a show on."

"And Vladivostok, it's next to Japan, Khabarovsk is next to Japan and China, they have good facilities, but they're far away, they cannot be merged into European tours."

"It's tough. Last year most of my friends and colleagues suffered and couldn't sell enough tickets. This year will be tough again. I think people are concentrating on surviving another day, they're not that concerned with being entertained."

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Upward surge

One of Moscow's most active venues is the Yotaspace Glavclub, which also promotes its own events. There was a sister venue in St Petersburg, but founder and MD Igor Tonkikh took

the decision to close it late last year. Due to the weak local market.

He confidently calls the Moscow version "the best mid-range venue in the city". It opened on its current site in 2013, having been elsewhere in the city since 2009, and, he says, has grown every year since, in terms of numbers of shows and tickets sold, by about 20 per cent.

Like many, he says the currency crisis has hit his ability to book international names, leading to a focus on local artistes and established, maximum fan loyalty acts.



Glavclub Russia

The club has also created a strand of shows plucked from the Where Are They Now files, putting on former chart stars at very cheap prices at around 10 roubles (\$0.20). Tonkikh says it has become a "marketing phenomenon" that has attracted 75,000 people and more than 62m roubles (\$1.056m) in sales.

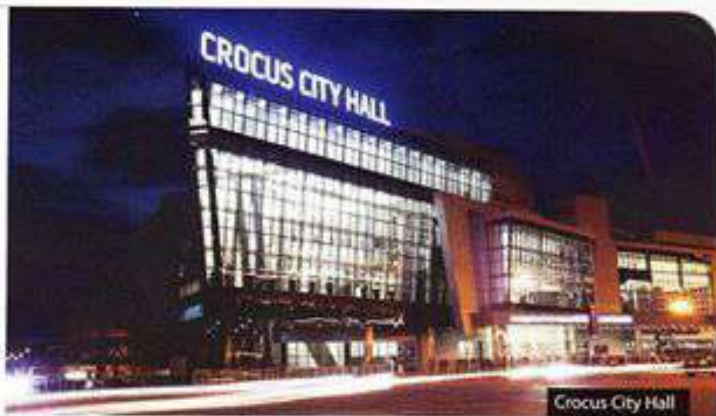
"The last 12 months have felt like a post-apocalyptic spring after the damages 2014 brought us," says Glavclub's international talent buyer Irina Dyusuopova.

"The whole nation was trying to wake up and return to good times. As part of this we have seen growth and development of young Russian promoters and agencies, not afraid to take on challenges."

She talks of a growing popularity of cloud rap, trap and other genres one could hardly imagine a decade ago.

"There is hip hop from young European kids with lazy flow, no gold chains, gold teeth or prison records? I would have said stop kidding me unless I'd seen my venue packed for a Yung Lean [20-year-old Swedish rapper] show in 2016."

Looking forward, she sees a healthy future.



Crocus City Hall

"The exchange rate situation will slowly calm down, the storm passes and we can see a bright horizon," Dyusuopova says. "And we sincerely hope more artistes will come to understand that a performance in Russia does not mean supporting homophobia or racism or tyranny. You come here to see your fans, and if you stand for good, you attract the attention of good people. Plus, as an artiste, you are a trendsetter, a star that shows the way to those that are lost."

"I would say to all international artistes, you do not know what appreciation from an audience sounds like until you have performed in Russia." ▶



Svetlana Bignova

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 NAZARETH U.D.O. SLAYER URIAH HEEP ROLLINS BAND CLAWFINGER VACUUM DEMIS ROUSSOS BACCARA COOLIO RUN
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 URIAH HEEP ICE T BACCARA KEEP PURP
 BIOHAZARD MOLOTOV SUZAN
 NAZARETH HIM REAMONN OTTAWAN
 GARBAGE TITO & TARANTULA DORO
 CHUMBAWAMBA HIM URIAH HEEP ANTHRAX
 GATHERING HIPOCRISY NICK CAVE RAMMSTEIN
 HEEP CHRIS REA GOTHARD ROSE TATTOO
 TARANTULA THE PRODIGY DEEP PUP
 TARANTULA THOMAS ANDERS
 RIHANNA SCORPIONS
 BLOODHOUND GANG KORN NAZARETH CHRIS REA
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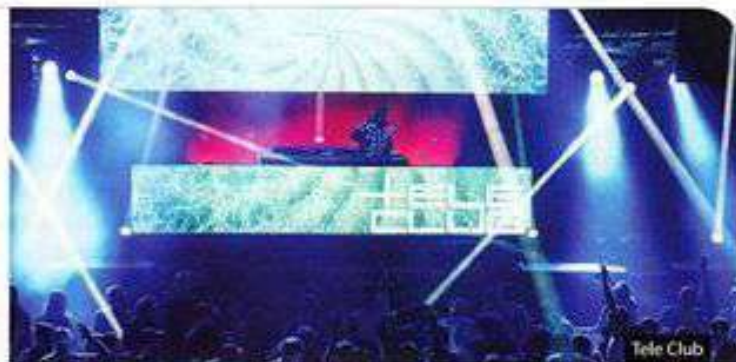
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Market focus: Russia | 17



Maria Axenova

Moscow's Crocus City Hall (6,200) opened in 2009 and is now established as one of the city's most prestigious venues.

Business development executive Svetlana Bignova says 2016 was up on 2015, with big shows from, amongst others, Elton John, Simply Red, Il Divo, Kenny G and Hurts.

It recently expanded with the acquisition of another Moscow venue, Vegas City Hall (1,500). Bignova says the move was made in order to "diversify business and cover new genres".

Assessing the live market generally, she says, "It is onwards and upwards: all-Russian tours of domestic artistes, stadium shows, annual summer festivals, etc. All these confirm that our situation is getting better from year to year."

Survival of the fittest

Semyon Galperin runs the Tele Club (1,500) and Dom Pechati (600) in the country's fourth largest city Ekaterinburg and also acts as a promoter nationwide.

"The Russian market is suffering a lot because of the economic and political situation," he says. "Touring is mostly reduced to Moscow and St Petersburg, plus maybe here in Ekaterinburg. The 10+ city tours we were making before the crisis are a rare thing nowadays."

On the upside, he says that, because of the crisis some of its competitors who were not professional enough went out of business, which means it can "breathe more easily".

His wish list for the market in the next few years consists of at least one 1,500-2,000 live music venue in every city with more than one million people, and more regional flights.

One of Russia's most successful festivals is Park Live, promoted by Melnitsa. Last year's two-day event took place at Moscow's Otkrytie Arena in July, with Red Hot Chili Peppers and Lana Del Rey headlining. This year will be a one-day festival, at the CSKA Arena (30,000), with System of a Down topping the bill.



"Russian people almost never buy tickets in advance, and that makes things hard"

Ed Ratnikov

"The market is shrinking and can be described by the Lewis Carroll quote, 'It takes all the running you can do to keep in the same place,'" says Melnitsa's Maria Axenova.

She says that Park Live sales were down slightly on 2015, at least partly because of a price rise caused by the weak rouble.

Last year the firm also ran a two-day festival in Kiev called U-Park, with Red Hot Chili Peppers and Muse headlining. The firm has elected to "skip it this year".

There has been some expansion for the company, however, with the acquisition of Stadium Live (6,500) a major club venue in Moscow.

As well as Park Live, Axenova is looking

forward to 5 Seconds of Summer playing the open air Green Theatre (10,000) in Gorky Park in August.

Alongside the political and economic upheaval, there has also been a recent personal revolution for Vera Borina. After 18 years as a promoter at Planet Plus, she kicked off 2017 by setting up her own St Petersburg-based company, Matreshka Concerts.

"I have a great young team who are very creative and are thinking about new festivals and interesting new events," she says. "It's a new company, a new challenge and a new step in my life. We have Mozart, The Rock Opera with a French agent. We have a couple of Russian artistes and we have a lot of discussions going on with foreign agents."

She knows, however, that it is a step into a tough environment. "Russian fans want more for their money than ever before, because they have so little of it."

"And of course, because of currency issues, ticket prices are going up. For a normal club concert, we were maybe charging 1,200-1,500 roubles [\$21-26], now we're charging 1,800-2,000 roubles [\$31-35], which means a student who was going to two shows a month is now going to one - and is choosing very carefully."

"I would like to see people putting on more interesting and exciting shows. And I would love all the artistes around the world to forget about the sanctions and the politics and just share their songs and their happiness with normal Russian people who have nothing to do with politics." ■



Semyon Galperin

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