

Viacom Takes Control for MTV Russia Relaunch

By [Alexander Panin](#)

September 30, 2013



MTV being broadcast at a cash register in Pyatyorotchka supermarket. **Denis Grishkin**

Global media giant Viacom will relaunch its world-famous MTV channel on Russian cable and satellite networks Tuesday, part of a strategy to focus on a local market that promises growing audiences.

With 8 million more households expected to subscribe to paid television by 2017, Viacom is keen to join Western companies like Disney and guarantee its share of the market.

First launched in September 1998, the music channel was from 2007 run under license by Viacom's Russian partner, ProfMedia, owned by oligarch Vladimir Potanin. After several years of declining audience share, it stopped broadcasting in September 2012.

Abandoning the MTV brand, ProfMedia replaced it in June with the entertainment channel Pyatnitsa, which in Russian means Friday. At the same time, ProfMedia's license

for MTV expired and Viacom took back full control over the channel.

ProfMedia declined to comment, but previous news reports said company CEO Nikolai Kartoza had admitted failing to broaden the audience. The channel had been flooded with entertainment shows, resulting in a loss of popularity.

"MTV is a great channel, but the audience is too narrow for a national terrestrial channel and ProfMedia finally realized this," said Peter Gerwe, founder of STS, the first privately owned television station in Russia, and now member of the board of Sistema Mass Media.

Robert Bakish, President and CEO of Viacom International Media Networks, put a positive spin on the summer's events: "We had a very good experience with our partners but are thrilled that we can now take complete control and bring the Russian consumer the MTV that the rest of the world shares — a combination of global programming that we source from the U.S. and Britain, as well as local content produced in Russia."

The reborn MTV will be a completely different channel, he said, with new faces, new music and new content.

"You will continue to see a mix of music. There will be music videos and more packaged music, such as recordings of live events that we do all over the world," Bakish said.

The channel will also host reality and documentary entertainment programs, made globally and dubbed in Russian, supplemented by locally tailored programming.

"That is the MTV that you will see, and it will continue to grow from there. As it grows, our investment into content will continue to increase," Bakish said. Some programs will be coming to Russia for the first time.

Despite these plans, importing a Western brand into the country is not an easy task, experts said.

"First, you must remain true to the brand. Second, and almost more important, it must be localized," Gerwe of Sistema Mass Media said. "The audience needs to feel that it is "their" channel, and it must have an authentic Russian look with significant local production, which is expensive and must be budgeted efficiently."

Viacom management seems aware of this, stressing that localization and relevant content are crucial for a good audience share.

"Dubs are very important," the Viacom International chief said. "And it is not just the translation, it is also having relevant anecdotes and localizing conversation in addition to language, and we spend a fair amount of money doing them."

However, Bakish does not see Russians as being very different from other people in terms of viewing preferences.

"Just like other people around the globe, Russians love to be entertained. They certainly like to see great content, and as in the rest of the world they want it to be relevant to them. There may be some variations, some specific franchises they like, but I would say from the content

perspective that we have seen more commonality than not," Bakish said.

Viacom has been in Russia for 15 years. MTV is its third country-specific initiative, after Nickelodeon, which is aimed at children, and the Paramount Comedy channel. In early 2014 the company plans to introduce a fourth venture — a Paramount movie channel supported by advertising revenue.

So far, the company's channels are doing well in terms of audience share, and Viacom expects the market to grow further as the penetration levels of paid television in Russia rises toward those in Europe or the U.S.

Nickelodeon has become the number one kids' network on paid television. Paramount Comedy, geared at an adult audience, is already in the top 25 after only a year on air, Viacom said.

Viacom's channels are oriented at specific target audiences, putting the company in line with the overall development of the market, analysts said. But experts see more potential in Russia for MTV than for Viacom's other channels.

"We are more optimistic about the growth of MTV than the prospects for Nickelodeon," said Alexander Gadalov, head of the marketing planning sector at J'son & Partners Consulting. "There are other very strong players on the kid's television networks, such as the Karusel and Disney channels. MTV, on the other hand, is a world-known brand and offers an intuitively recognizable format and will encounter less competition."

The Russian paid television market is one of the biggest in the world, according to J'son & Partners. By the end of 2012, there were close to 32 million households connected either to cable, satellite or Internet television networks. And the market is growing. Consultants estimate that there will be more than 40 million households watching paid television content by 2017, while market penetration will reach 74 percent.

Still, paid television remains a relatively small market compared to broadcast television, which soaks up all major investment, experts said.

However, a nationwide transfer to digital broadcasting is on the horizon and is already casting a shadow on the industry.

"In the next five years, Russia will be switched over from analog to digital," said Gerwe. "This uncertainty, frequency allocation, channel placement, and cost of broadcasting makes for a very difficult investment climate."

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Original url:

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