

ECONOMIC EFFECTS OF CONVERGENCE IN RUSSIAN DAILY PRESS

ЭКОНОМИЧЕСКИЕ ЭФФЕКТЫ КОНВЕРГЕНЦИИ В РОССИЙСКОЙ ЕЖЕДНЕВНОЙ ПРЕССЕ

*Mikhail I. Makeenko, PhD, Associate Professor,
Chair of Media Theory and Economics,
Faculty of Journalism, Lomonosov Moscow State University
Moscow, Russia
mikhail.makeenko@gmail.com*

*Михаил Игоревич Макеенко, кандидат филологических наук, доцент,
кафедра теории и экономики СМИ,
факультет журналистики МГУ имени М. В. Ломоносова,
Москва, Россия
mikhail.makeenko@gmail.com*

*Andrei V. Vyrkovsky, PhD, Associate Professor,
Chair of Media Theory and Economics,
Faculty of Journalism, Lomonosov Moscow State University
Moscow, Russia
a.v.vyrkovsky@gmail.com*

*Андрей Владимирович Вырковский, кандидат филологических наук, доцент,
кафедра теории и экономики СМИ,
факультет журналистики МГУ имени М. В. Ломоносова,
Москва, Россия
a.v.vyrkovsky@gmail.com*

The “industrialization” of convergence, the tendency to build multimedia and social elements into the mass media business model most vividly manifest themselves in daily newspapers: high periodicity requires, firstly, a highly developed culture of financial management and, secondly, well-functioning managerial processes.

The goal of this paper is to understand the share of convergence projects (websites, in particular) in the total financial results for the Russian daily press. In addition, the authors focused on the methods for monetization of the projects implemented on the convergence basis.

In terms of the development of convergence projects, there is an obvious gap between the daily press of the two capitals (Moscow and St-Petersburg) and their counterparts in the Russian regions. The financial results for convergence projects of the national daily newspapers exceed those of the regional ones by an order of magnitude and even more.

In general, for Russian dailies convergence is not a significant source of revenues, which do not exceed 10% of the gross revenues made by the newspaper as an enterprise (the print version plus the website). Exceptions are rare. Moreover, half the media outlets under our consideration declare zero or negative cash flow from convergence projects.

Key words: *convergence; daily newspaper; economics of daily press; investments; profit.*

Статья представляет собой обобщение и анализ данных первого этапа исследования влияния конвергенции на экономику, финансы и менеджмент ежедневных газет в России. Полученные результаты показывают, что в настоящее время еще рано говорить о существенном вкладе конвергентных, прежде всего онлайн-продуктов и услуг в выручку и прибыль газетной прессы. В российских ежедневных газетах, за минимальными исключениями, доход от конвергентных операций не превышает 10% совокупной выручки издания. При этом половина рассмотренных газет вообще не получает прибыли или даже фиксирует убытки от конвергентных проектов и продуктов.

Конвергенция пока не позволяет и в ближайшей перспективе не позволит генерировать выручку, достаточную для того, чтобы газеты могли создавать интернет-редакции как самостоятельный бизнес или отказываться от бумажной версии. При этом очевидна существенная разница в уровне экономической отдачи от конвергенции между двумя кластерами изданий – представителями двух столиц (Москвы и Санкт-Петербурга) и региональных газет.

Ключевые слова: *конвергенция; ежедневная газета; экономика ежедневной прессы; инвестиции; прибыль.*

Introduction

Convergence process has come to be one of the most significant factors in mass media transformation worldwide (Gillmor, 2004; Feldman, 1996; Flew, 2005; Kung, Picard, Towse, 2008; Internet-SMI. Teoriya i praktika, 2010). In this research the convergence is understood as a production of digital media product through the integration of multimedia and social elements (text, photography, graphics, audios, videos, hyper-text, blogs, social media, and the like) and distribution of these products across a wide number of digital channels.

Convergence effects may take various forms: they influence content, change audience characteristics and shape perception of a mass media brand. Nevertheless, if we see mass media as a business, the major effects of convergence deal with its economic and managerial consequences, i.e. changes in the business model and media management elements (Allan, 2006; Deuze, 2007).

“Industrialization” of convergence, a tendency to integrate multimedia and social elements into media business models can be clearly identified in daily newspapers: their high periodicity requires, first, impeccable financial management and, second, well-functioning managerial processes.

The relatively successful development of multimedia projects in the national press of the Russian Federation brings up two issues for researchers to consider: that of economic and managerial consequences of convergence as a whole and that of spreading convergence models throughout the country, among regional press outlets (Vartanova, 2010; Vartanova, Smirnov, 2010).

In order to study these issues, the authors have conducted a number of in-depth interviews with representatives of the national and regional daily press, which enabled them to get a notion of the business component of convergence projects both in large metropolitan newspapers and local (republican and regional) ones.

The interviews were aimed at finding out the share of convergence projects (websites, in particular) in the total financial results for the Russian daily press. Revenues, profit/losses, expenses as well as investment volume were con-

sidered. Along with these, the authors examined convergence-based project monetization strategies and managerial decisions pertaining to the projects.

The research results indicate that convergence in Russian daily newspapers is at an early stage of development, a fact supported by a relatively low monetization level of relevant projects (in terms of income and profit). However, considering daily newspaper managers' plans for developing digital platforms, there are reasons to believe that in time the contribution of convergence to newspapers' income and profit will grow.

Moreover, we have to admit that in terms of convergence project development there is a large gap between the metropolitan cities (Moscow and St-Petersburg) and the regions. Taking into account the obvious disparity in investment activity of national and regional newspapers (gross investments), we tend to believe that in the near future the gap will not be reduced, to say nothing of being overcome.

Background

According to Federal Agency for Press and Mass Communications (FAPMK), the newspaper industry of the Russian Federation includes 40 thousand registered newspaper titles. Among them are "classical" (social and political) general interest newspapers that account for not more than 5 thousand, including regional and urban ones. Admittedly, there are no data available on the number of newspapers of the above-mentioned 40,000 which come out on a regular basis. According to the FAPMK specialized report, they hardly amount to 60% (not more than 24 thousand).

What is more, most of these 24 thousand titles are low quality media products, whose target audience is unclear and distribution geography is rather limited. According to FAPMK, in the second half of 2010 the subscription catalogue of the joint stock company "Rospechat" (one of the largest Russian Press Distribution Agencies) included 366 newspapers: 233 national and 143 regional ones. The Russian Press catalogue of "Pochta Rossii", which is also engaged in distribution, published at

the same time by Intraregional Subscription Agency (MAP), lists 2030 newspapers in the country's regions, among others 466 national ones.

Along with it, the circulation auditing system in Russia is far from being developed: there is no information available on the volumes of print media products. The only more or less reliable source of information on the popularity of newspaper is audience measurements.

Thus, despite the undoubtedly large number of newspapers in the Russian Federation, the monitoring of their condition is not sufficiently clear and sound: in order to detect current tendencies, additional researches into the industry are needed.

Table 1 below contains the data on the audiences of the largest national daily newspapers in Russia. Two of these (*Sovetskiy Sport* and *Sport Ekspres*) are sporting dailies, another two (*Kommersant* and *Vedomosti*) are business newspapers, while the largest one (*Iz Ruk v Ruki*) is pure classified.

Table 1

Top daily newspapers in terms of one issue audience (AIR, Russia)²²

№	Title of edition	2010	
		in thousand people	in %
1	<i>Iz Ruk v Ruki</i>	3 813,0	6,6
2	<i>Komsomolskaya Pravda</i>	2 886,5	5,0
3	<i>Rossiyskaya Gazeta</i>	1 393,4	2,4
4	<i>Moskovskiy Komsomolets</i>	1 150,6	2,0
5	<i>Sovetskiy Sport</i>	572,6	1,0
6	<i>Sport-Ekspres</i>	567,2	1,0
7	<i>Izvestiya</i>	369,8	0,6
8	<i>Kommersant</i>	258,6	0,4
9	<i>Vedomosti</i>	155,3	0,3

²² Source: TNS Rossiya, NRS, May-October, 2009 May-October, 2010. URL: http://www.tns-global.ru/rus_data/ratings/press/index.wbp?press.action=search&press.regionId=68CDA84F-6158-4F7C-A36A-7DAF207B88E1&press.regionId=C27FFFD9-CC9B-4AD1-B826-00B2CDE2B4AB&press.regionId=C9838420-042B-4B9E-B7A8-F228DB27C8E1&press.periodId=A849006B-07C1-42DB-BA2E-E55025CEC789&press.smiId=FFE6B659-63E1-46F3-96E1-53EBD1D16CCE

Table 2 contains the data on the audiences of the largest weekly and monthly newspapers.

Table 2

**Top weekly and monthly newspapers
in terms of one issue audience (AIR, Russia)²³**

№	Title of edition	2010	
		in thousand people	in %
1	<i>Argumenty i Fakty</i>	7392,4	12,8
2	<i>Teleprogramma</i>	6654,5	11,5
3	<i>Komsomolskaya Pravda</i> (weekly)	5529,3	9,6
4	<i>777</i>	5146,3	8,9
5	<i>Orakul</i>	2781,1	4,8
6	<i>Zhizn</i>	2425,5	4,2
7	<i>Moya Sem'ya</i>	2154,4	3,7
8	<i>MK-Region</i>	2050,8	3,5
9	<i>Ekspress-Gazeta</i>	1741,1	3,0
10	<i>Sovetskiy Sport – Futbol</i>	1726,5	3,0

As it follows from tables 1 and 2, in terms of audience volume Russian weekly newspapers significantly outperform daily ones. However, from the viewpoint of shaping the public agenda, dailies appear to be a much more powerful instrument. They are also more com-

²³ Source: TNS Rossiya, NRS, May-October, 2009 / May-October, 2010. URL: <http://www.tns-global.ru/rus/data/ratings/press/index.wbp?press.action=search&press.regionId=68CDA84F-6158-4F7C-A36A-7DAF207B88E1&press.regionId=C27FFFD9-CC9B-4AD1-B826-00B2CDE2B4AB&press.regionId=C9838420-042B-4B9E-B7A8-F228DB27C8E1&press.periodId=A849006B-07C1-42DB-BA2E-E55025CEC789&press.smiId=81D642D7-33B9-4BFA-BEF8-8986ACC07021>

plex from the viewpoint of business processes and work organization.

Notably, daily newspapers also exhibit a much better dynamic of advertising revenues than weeklies (see table 3).

Table 3

**National titles' advertising revenues in 2009-2010, in million roubles²⁴
(VAT included)²⁵**

Type of edition	2009	2010	Dynamic, %
Daily newspapers	4 606	5 240	14%
Weekly newspapers	2 172	2 392	10%
Monthly magazines	10 790	11 153	3%
Weekly magazines	5 485	6 265	14%
Advertising editions	5 583	4 968	-11%
National print media (TOTAL)	28 635	30 018	5%

Nevertheless, in the context of the national media system as a whole, the newspaper industry does not look very impressive, a fact that might be accounted for by the crisis of the traditional mass media.

In 2010, newspaper circulation sales in Russia declined, although advertising revenues grew by 13% (see table 4). In this point, newspapers significantly outperform magazines (7%) but clearly lag behind them in terms of gross advertising revenues (9,7 billion roubles and 21,6 billion roubles respectively).

²⁴ During the period considered \$1= about 30 roubles.

²⁵ Source: Video International Analytical Centre (data obtained from TNS Rossiya Media Intelligence). URL: <http://www.sostav.ru/columns/adress/2011/0005/>

Table 4

Advertising market volume in 2010, in billion roubles (VAT included)²⁶

Segment	2008	2009	2010	Gain in 2010, in %
Television	138,9	113,7	130,7	15
Radio	15,0	10,6	11,8	11
Print media	75,3	42,0	44,8	7
<i>Among them: newspapers</i>	<i>13,1</i>	<i>8,6</i>	<i>9,7</i>	<i>13</i>
<i>magazines</i>	<i>35,1</i>	<i>20,2</i>	<i>21,6</i>	<i>7</i>
<i>advertising editions</i>	<i>27,1</i>	<i>13,2</i>	<i>13,5</i>	<i>2</i>
Outdoor advertising	45,8	27,3	32,2	18
Internet	17,6	19,1	26,65	40
Other media	3,2	2,6	3,7	44
TOTAL	296	215	250	16

Newspapers, however, do not look altogether bad only in comparison with the other segments of print media industry. Table 4 shows that neither the volume of gross advertising revenues nor their dynamic are indicative of good prospects for development: newspapers are considerably inferior to both television, the most economically significant mass media segment, and the Internet, the most dynamical one.

Taking into account a decline in circulation sales characteristic of the Russian newspaper market and a significant contribution of advertising to Russian print media revenues (about 42%), newspaper publishers in Russia are beginning to seriously consider the possibility of modernizing present-day newspapers' business model.

Although business processes in daily newspapers could be optimized along various dimensions (reducing production expenses, improving distribution systems, changing the system of motivating and rewarding the

²⁶ Source: Association of Advertising Agencies of Russia. URL: http://www.akarussia.ru/knowledge/market_size/id457

staff, and the like), the only possible strategic decisions are those based on convergence: integration of various forms of digital multimedia content on a universal platform / platforms and its distribution through different channels. This means that monetization of convergent products / services underlies the future business model of daily newspapers.

Methodology

The key task of this research was to isolate the economic and managerial effects of convergence and determine its role in business models of various daily newspapers of the Russian Federation, which implied:

- studying the economy of newspapers' print versions, their profitability/unprofitability and revenue sources;
- studying the “capital” part of convergence, i.e. determining the contribution of investments into convergence projects in the total investment volume;
- studying the “income-generating” part of convergence (monetization), i.e. the ways of obtaining the financial flow from convergence, and determining the share of the flow in the total revenues;
- studying the “costs” part of convergence, i.e. examining the items of expenditures on such projects and their volume;
- determining the overall economic outcome, i.e. the ability of the mass media to generate a positive cash flow and operating profit from convergence projects;
- studying the conceptual and strategic contribution of convergence to newspapers' business activity, its influence on mass media development strategy and the ultimate goal in convergence projects.

To do the research, we conducted a number of in-depth interviews with representatives of large Russian daily newspapers; in the course of the interviews all kinds of questions were asked: financial, economic and strategically oriented.

The results of the interviews were submitted to quantitative and qualitative analysis. On the basis of the information obtained, clusterization was made enabling us to isolate the groups of Russian daily newspapers typologically similar from the viewpoint of their convergence component.

In the course of the research, 6 daily titles printed not less than 3 times a week were studied: 2 in Moscow, 1 in St-Petersburg, 1 in Kazan (Tatarstan), 1 in Astrakhan and 1 in Smolensk. Thus, we controlled the sample in terms of:

- city size (Moscow's population amounts to more than 11,5 million people, it is the largest city of the Russian Federation, the population of St-Petersburg is over 4,5 million, that of Kazan is more than 1,1 million, more than 0,5 million people live in Astrakhan and more than 0,3 million people in Smolensk). This indicates that we considered the specificity of mass media functioning in cities of virtually any significant size;
- city status (Moscow is the capital of Russia, St-Petersburg is the second, after Moscow, metropolitan city, the "second capital" of Russia, Kazan is a large regional centre, the capital of the Republic of Tatarstan, a developed industrial and agricultural region, Astrakhan is a centre of a peripheral area and Smolensk is a centre of an oblast which is relatively close to Moscow);
- newspaper type in a particular city (*Komsomolskaya Pravda* is a large national mass interest daily, *Kommersant* is a large national quality newspaper with strong business and financial content, *Delovoi Peterburg* is the largest business newspaper in St-Petersburg, *Respublika Tatarstan* is the largest regional daily newspaper of Tatarstan, a republic formed as a national community, *Volga* is the largest daily newspaper of the Astrakhan area and *Rabochiy Put'* is the largest daily newspaper of Smolensk, also distributed in the region).

Since the sample included as few as 6 newspapers, the authors of the article are far from claiming that the results obtained are statistically

significant. However, given a high level of parameter controllability (see above) and a qualitative result analysis, we believe that the results appear to be generally valid for Russian daily newspapers of the types we have described.

Research results

The processing of research results showed that the prevailing economic model for most print versions of Russian daily newspapers is the advertising based one: five of the six newspapers under consideration get more than half the revenues from advertising. The *Volga* newspaper was the only one to note that advertising (including commissioned materials) accounted for 50% of the financial flow. The advertising share of the total revenues – 70–80% – is especially high in the business and financial papers: *Kommersant* and *Delovoi Peterburg*.

Despite the advance of the Internet and decreased interest in the traditional mass media, advertising revenues are still capable of providing Russian print dailies with a sufficiently high profits (four out of six newspapers in our sample reported having operating profits). This applies first and foremost to daily newspapers in large cities (up to 30%). Along with it, most managers we interviewed claimed that over the past five years the dynamic of economic indicators had either met their expectations or even exceeded them, which is indicative of sufficient stability and predictability of the economic condition of the daily print media in Russia.

As was mentioned above, the results of the research into convergence projects realization in daily newspapers were submitted to a cluster analysis. As the key criteria of clusterization we selected:

- a position of convergence in dailies' strategies;
- a contribution of revenues from convergence projects to newspaper's total revenues.

In addition, we took into account a newspaper's gross revenues of print edition and gross revenues from convergence projects.

It should be noted that the share of revenues from convergence projects appears to be essential because it is in fact indicative of the monetization level, of the convergence project's ability to generate a cash flow tangible for the mass media. In this respect, considerations of profitability (revenues minus expenses) seem to be of less importance because they sometimes mirror somewhat up-to-the minute, incidental state of affairs having little to do with the strategic direction of development. In other words, if a convergence project generates a considerable share of a media enterprise's revenues, this project's efficiency is worth developing, even if the enterprise is being unprofitable; if, however, convergence accounts for a tiny share of revenues, the enterprise's profitability does not make this part of the business strategically important.

The cluster analysis enabled us to isolate two groups of daily Russian newspapers, which include the media outlets similar to one another along the above-mentioned criteria.

Group 1. Metropolitan daily newspapers

This group includes *Komsomolskaya Pravda*, *Kommersant* and *Delovoi Peterburg*. Large newspapers of Moscow and St-Petersburg are drastically different from provincial ones not only in terms of the size of the business but also in terms of greater economic effects of convergence.

In these three newspapers contribution of convergence revenues to the total revenues exceeds 5%. In the case of *Kommersant*, the share of revenues from its online project is more than 20% of the revenues generated by the print version and the website combined.

Along with it, top managers of the three newspapers have come to regard convergence as an economic tool, a way of making more money, while marketing and image considerations remain in the background.

As Andrei Dyatlov, deputy editor-in-chief of the *Komsomolskaya Pravda* newspaper, put it, "The advertising market is rapidly transform-

ing. It is leaving newspapers for electronic media. Why should we watch it leave? We will found our own electronic medium”.

Some of these newspapers tend to develop the electronic version on the basis of original materials avoiding complete duplication of the print version. This tendency most vividly manifests itself in *Delovoi Peterburg*. “We did not want the print and electronic versions to coincide. We removed the newspaper’s archives from the Net and left only the company’s profiles there, and the rest is original materials supplied by our journalists. In fact, originality was what we sought.” – said Oleg Tretyakov, former editor-in-chief of *Delovoi Peterburg*. The number of journalists writing exclusively for the electronic version is not very small – there are seven of them (the staff of the print version includes about 50 journalists).

However, this is not the most widespread model of online newsrooms: it is more common for the print version’s journalists to develop the materials written for the print version and supply this content to the website. Only several editors work just for the website. This fact, economize on staff costs.

“The journalistic staff working for our four platforms – the newspaper, the site, radio and television – is the same. It means that after a journalist has conducted an interview he posts the audio recording on to the site, along with the material. If the recording is of good quality, we immediately play it on radio. When a journalist goes on a business trip, he brings back photographic, audio and video materials. And thus, instead of forming four teams of journalists for four platforms, we have formed four platforms for one journalist. People can learn the same news from television, radio and the site.” – says Andrei Dyatlov.

It is notable that the revenue level of both print and electronic versions of newspapers in Group 1 is higher than that of newspapers in Group 2 (in absolute figures). The print newspaper *Kommersant* generates about 20% of the revenues (excluding publishing and selling specific business information about legal entities’ bankruptcies) of the eponymous publishing house as a whole, whose turnover is slightly lower than

100 million dollars. Notably, the online business accounts for 10% of the publishing house's revenues.

According to the data provided by *Delovoi Peterburg*, its website's revenues can amount to 5 million roubles a month that is 60 million rubles a year (about 2 million dollars). This high figure is irregular but quite attainable.

As will be shown below, for the newspapers in Group 2 such figures are so far unattainable.

In addition, convergence development in *Komsomolskaya Pravda* and *Kommersant* led to an increase in the spectrum of content delivery channels. Gradually, the online platforms of both newspapers displayed branded linear radio and TV channels with content of their own production which were later distributed in traditional ways: newspapers founded their own terrestrial radio stations, created television channels and started to distribute them in pay television packages. For the newspapers in Group 2, such practices requiring considerable financial investments and organizational efforts are inaccessible.

Group 2. Provincial daily newspapers

Irrespective of living standards and geographical position of the region they belong to, the provincial Russian daily newspapers (there are three of them in our sample: *Respublika Tatarstan* in Kazan, *Volga* in Astrakhan and *Rabochiy Put'* in Smolensk) have much in common.

To begin with, the newspapers in this group are characterized by a small contribution of convergence to the overall turnover of the edition as an enterprise. In all three newspapers it is below 5% (in reality – next to zero).

“Very little money comes from the site. Actually, it comes from advertising organized by the person in charge of the site. No wonder it's just like pocket change,” comments Alexander Shlyakhov, chief manager and editor of the *Volga* newspaper. “There are few advertisements on the

site, but a positive tendency is evident,” says editor-in-chief of the *Respublika Tatarstan* newspaper Alexander Latyshev.

At present, managers of these newspapers tend to regard convergence not as an economic tool (a component of the business model) but as an element of marketing or image formation. This is a forced position accounted for by the low level of revenues from convergence products, which fail to affect the overall financial situation in the media outlet.

The level of convergence development in these daily newspapers is rather low: even in relatively large regional media outlets only one or two people are engaged in it (and this is part-time work), which invariably influences the quality of the content represented in the convergent form. “Our staff schedule does not allow for a website newsroom, so we have to tear people away from the print version. For the site to be more or less full-fledged, we need at least 5 staff members. In reality, only two people attend to it, one of whom simultaneously handles newspaper subscription. One more employee is in charge of renewing the website. And there is no one else. The situation is very bleak indeed.” – comments Alexander Latyshev from *Respublika Tatarstan*. This state of affairs excludes the possibility of creating radio and television platforms for the newspaper content and also makes it impossible to fill the site with content different from that of the print version. With the newspapers in Group 2 the websites’ core represents posted texts from the print version, with very few original materials.

In part, this situation is accounted for by a significantly smaller turnover of provincial newspapers (in comparison with national media outlets) and, subsequently, a lack of investment into convergence projects development. For instance, the turnover of *Respublika Tatarstan* is 68 million rubles (about 2 million dollars), that of *Volga* – 25 million rubles (about 1 million dollars). These figures are 10-fold lower than those of national newspapers. However, a strategic underestimation of convergence possibilities is also evident. “The founders are not much interested in the website”, we heard some members of staff say: “We are the ini-

tiators because we do realize that the future belongs to the fusion of the print and electronic versions. We mustn't lag behind. If we do, we'll never catch up." It is not surprising, therefore, that under such circumstances convergence development is confined to some texts and very few audio and video files posted on to the website.

There is no need to labour the point that there are some features common to the newspapers of both groups. For instance, all the newspapers under consideration get the most of their convergence revenues by selling advertising, not content. The model of making money on selling content or other services is still underdeveloped.

Most newspapers in both isolated clusters are planning to develop convergence projects in the near future and enlarge investment; they also tend to rely on increased convergence revenues.

On the other hand, profitability level and, accordingly, the contribution of convergence profit to the overall profit of a newspaper as an enterprise vary considerably from title to title. Half the newspapers under consideration, which include large national editions, report that the online projects are unprofitable, to say nothing of the recently launched radio and television projects. Some daily newspapers indicate that the profit share is below 5%. However, there are editions which report high profitability of their convergence (online) projects and, accordingly, their comparatively high contribution to the newspaper's gross profit. This fact is accounted for by low expenses on the online platform. As Alexander Latyshev from *Respublika Tatarstan* put it: "Money is actually spent only on salaries and hosting".

The newspapers' investment activity with regard to convergence also varies considerably. Depending on the stage of the convergence project development – the start, the relaunch or activity maintenance – both the general level and the share of investment can be rather high (for instance, in 2011 the *Komsomolskaya Pravda* newspaper's investment into the website alone – excluding the radio and television projects – exceeded the investment into the print version 8-fold) or drop almost to zero (as in the case of *Delovoi Peterburg*)

Conclusions

The spread between the daily newspapers of the two capitals (Moscow and St-Petersburg) and their counterparts in the Russian regions in relation to the degree of convergence projects development is obvious. The differences manifest themselves, in the first place, in the scale of financial activity: revenues, expenses, investments and profit are 10-fold higher with national newspapers than with regional ones. The financial indicators of convergence projects in the capitals and in the regions correlate in about the same proportion. Even the regions with high GRP (Gross Regional Product) and living standards (Tatarstan, for example) are not an exception: the financial effects of daily press' activity and the convergence projects they develop are very small in comparison with national newspapers. Accordingly, the level of convergence projects realization varies considerably: in regional mass media the quality of multimedia content is lower, the website construction is less efficient, there is less original video and audio content available on their digital platforms. While, inside publishing houses, national dailies are developing television and radio, regional press does not even dream of such projects.

In Russian daily newspapers the level of investment into convergence projects varies considerably depending on the stage of their realization: it can be high at their start and relatively low at the stage of maintenance. In some cases (see *Komsomolskaya Pravda*) it may exceed the level of investment into the print product development.

For the most part, revenue from convergence is not very high: it does not exceed 10% of the gross revenues from the newspaper as an enterprise (the print version plus the website). Exceptions are rare (see *Kommersant*, the share of revenues from its online project is more than 20% of the revenues generated by the print version and the website together). Notably, in national newspapers convergence projects' contribution to the newspaper's revenues is significantly higher than in regional ones. It is also important that most newspapers under consideration rely on tangible growth of convergence revenues in the near future.

Along with it, half the media outlets under consideration declare a zero or negative cash flow (excluding investments) from convergence projects. This is true even of some large national newspapers' online projects (excluding radio and television, so far unprofitable by definition). However, some daily media outlets report online platforms' high profitability – up to 50%. The underlying cause is comparatively low operational expenses.

Expenses minimization is daily newspapers' major goal in convergence projects realization. Normally, this is achieved through the intensified work of the print version's employees (a separate newsroom is either not formed at all or it is comparatively small and staffed with editors and technicians). Thus, the most widespread model of convergence project management involves the journalists working for the print version in producing texts and even multimedia content for the website (see *Komsomolskaya Pravda*).

It is notable that most Russian daily newspapers are willing to develop convergence projects in the near future and increase investments into these projects.

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