



Publishing in Russia 2012

A Special Report

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and more Russian literary stars...

READ.RUSSIA

Industry players are busy promoting new literary voices while meeting challenges in e-publishing and book distribution

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EKSMO PUBLISHING HOUSE

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More than 8000 names in Author portfolio

Exploring ways to move ahead while going increasingly digital

Publishers in a Changing Industry

BY TERI TAN

Despite the economic gloom, the number of titles produced annually in Russia continues to grow. The country is now #3 in terms of book production (approximately 125,000 new titles per year), after the U.S. and China. It also saw more than 20 million e-book downloads and some one million reading devices sold in 2011.

Closer ties with the global book community mark the biggest change in the Russian publishing scene, notes publisher Natasha Perova of GLAS. “We have Russia as the market focus at the upcoming BookExpo America, besides last year’s London Book Fair. Who could have imagined anything like this 20 or even 10 years ago? Today, Russian publishers and literary agents are learning to promote their authors internationally following Western practices, when just a decade ago they saw no point in it or had no idea where to start or how to go about it.”

Now for the bad news: a shrinking reading population will cause an estimated 5%–7% drop in sales this year (8% in 2011) for the publishing industry. For Oleg Novikov, vice-chairman of the Russian Book Union and CEO of Eksmo (one of the major publishers in town, with 22% of market share), it is

imperative to get Russians to read again (and to read more). Last year, the Russian Book Union, the Federal Agency of Press and Mass Communication, and Moscow and St. Petersburg city governments supported an extended reading campaign, with some help from several Russian

celebrities. This year, a similar program targeted at children is planned.

Says Novikov, “The industry decline is a huge issue for Eksmo, not least because of our leading market position. So far, we have managed to compensate for the drop in overall [print] sales—especially for fiction due to the popularity of e-book format—with those from segments such as business, professional, hobbies and crafts, popular literature, and children’s books. In the longer term, however, the whole industry needs a society with a strong reading habit.”

“We have been lamenting about declining reading habits in the past five years, and the harsh reality is here: Russia is no longer a nation that reads,” adds CEO Arkady Vitrouk of Azbooka-Atticus, pointing out that efforts to arrest further decline would require sustained social advertising with plenty of government support and cooperation from all industry players. “Often, available market statistics show printed volume, not the total quantity sold to end consumers. This means that the drop in book sales has been understated all along and the issue much more serious than it appears to be.”

The Distribution Dilemma

“The market is at a crossroads where people will head to the bookstore less

Top 15 publishers in 2011
(by title)

RANK	PUBLISHER	TITLE OUTPUT
1	AST	9,466
2	Eksmo	8,988
3	Azbooka-Atticus	1,496
4	Egmont	1,311
5	Prosveshcheniye	1,305
6	OLMA Media Group	1,286
7	Rosman	1,146
8	Ripol Classic	1,019
9	Academica	938
10	Drofa	879
11	Veche	833
12	Centrepolygraph	825
13	Ekzamen	741
14	Fenix	721
15	Piter	697

SOURCE: THE RUSSIAN BOOK UNION, 2012.

Top 15 publishers in 2011
(by no. of copies, in thousands)

RANK	PUBLISHER	COPIES PRINTED
1	Eksmo	67,549
2	AST	64,847
3	Prosveshcheniye	60,893
4	Flamingo	19,810
5	Balass	19,779
6	Drofa	18,072
7	Egmont	17,477
8	Ekzamen	12,099
9	Azbooka-Atticus	11,217
10	Rosman	9,997
11	OLMA Media Group	8,897
12	Ventana-Graf	8,254
13	Ripol Classic	8,088
14	Veche	7,193
15	Centrepolygraph	6,197

frequently, and books are becoming more of an impulse purchase. Readers wanting to browse through books will opt to do it electronically,” says Vitrouk, which started selling books from its Web site last October (with “current sales comparable to those of a small bookstore”). “Increasingly, people will buy books through nontraditional channels such as supermarkets, toy stores, and specialty stores. For instance, pharmacies would be an ideal place for selling health books, and gourmet [food] stores for cookbooks and wine titles.”

The bankruptcy of the retail chain Top Kniga (despite massive cash injections from various companies, including AST) has created a ripple effect, the biggest problem being the loss of publishers’ and consumers’ trust and confidence. Major publishers such as Eksmo and AST that own distribution and retail networks might naturally benefit from such closures and expand their market domination. But rebuilding that trust and confidence could take a while.

“Bookstores see lower sales as consumers, facing an escalating cost of living and increasing financial burden, turn to kiosks and supermarkets that offer heavy discounting programs,” adds president Yury Deykalo of AST. “So we are seeing very cheap editions selling in high volumes in these two new channels. How this will impact the future of bookstores remains to be seen, but it is not encouraging, to say the least. Publishers would have to figure out how best to distribute their titles and seek different channels to stabilize their sales.”

A weak national distribution network, says editor-in-chief and director Andrei Sorokin of ROSSPEN, means that “major publishers that are geared toward the mass market are dependent on their own retail and distribution networks, something that smaller and academic publishers usually do not have. What is worse is that Moscow lags far behind other European cities in terms of bookstore numbers per capita. In short, Russia’s book market structure is

Online Coverage of Russia’s Book Market

The following articles are available online in conjunction with this print report:

- **The Rights Side of Business**
- **The Agents’ Dozen** (on 12 recommended authors)
- **Independent Children’s Book Publishers**
- **Charting the Bestsellers.**

Visit www.publishersweekly.com/ReadRussia2012 for additional coverage of the industry. New articles will be added each week leading up to the Read Russia 2012 Festival (running June 1–8 in New York City) during and following BEA.

distorted and distribution highly monopolized. For academic publishers like ROSSPEN, it is an uphill battle every day.”

Battling Pirates New and Old

Electronic piracy plays a part in declining book sales, and fighting it, says AST’s Deykalo, requires determination and combined effort, as evidenced by his collaboration with his closest rival, Eksmo, in several piracy cases. “To stop book piracy, we should start with protecting music and TV content—a strategy proven effective in the U.S. But the battle involves money to educate people about copyright and legal downloads. And in these times of declining sales and shrinking margins, money is not that easy to come by.” (E-book sales at AST represent a mere 5% of its bottom line.)

Adds Eksmo’s Novikov, “Only 10% of downloads involve legally obtained content. Eksmo has been leading the fight, and we closed down 20 pirate sites and removed several dozen unauthorized download links to our titles last year. Obtaining digital rights for more Russian and translated titles is crucial as we go all out to protect our content from illegal downloading.”

Over at OLMA Media Group, a focus on high-end illustrated books means that it faces far less piracy problems than its counterparts. “Still, pirated editions

of our titles have appeared in various countries, especially in Ukraine. The worse news is that those books sell at half their retail prices in Russia,” says general director Dmitry Ivanov. “We have seized nine such contraband print runs with assistance from the Ukrainian police. In one case involving an encyclopedia on Russian Orthodoxy, while we sold 78,000 copies, the pirate managed to reprint and sell 40,000. So, while the present focus is on digital piracy, traditional piracy is alive and well.”

However, Ivanov is confident that publishing extensively researched and illustrated series such as his bestselling 18-volume encyclopedia on history is the right strategy for OLMA. “Given the proliferation of e-reading devices, the speed of broadband, and the tons of free material available online, there has been much skepticism about the longevity of reference titles among publishers and readers alike. It is a fact that many people turn to sites such as Wikipedia for information. But is the information reliable? Can it be used for publishing or research purposes? No, and no. So we believe that our reference titles will stand the test of time in the foreseeable future.”

Indies United

The establishment of the Alliance of Independent Russian Publishers and Booksellers in December 2011 marks an important chapter in the history of the

Established in 1990 **AST Publishing House** is nowadays the biggest and cutting-edge book publishing holding in Russia.

For more than 20 years we are the leaders of Russian book market.

Main principle of our work is to provide Russian readers with wide range of good literature. We are permanently searching for new writers and books both in Russia and abroad. We are proud to present to Russian readers world-famous names and future literature stars.

- The biggest publisher in Russia (**800 new titles per month**).
- The best of translated foreign literature (**Gabriel Garcia Marquez, Neil Gaiman, Paulo Coelho, Stephen King, Umberto Eco etc.**).
- Leader on young adults' literature market (**L.J. Smith, Stephanie Mayer, Susanne Collins**).
- We own the fast-growing bookstore chain "Bukva" – more than 500 stores all over Russia. Also we have audio and e-book company, and stationary production company.
- We have our own printing facilities.
- More than **1000 book distributor partners** all over Russia and CIS including online stores, retail chains etc.
- We accomplish **the biggest and most innovative PR-projects** on Russian book market ("**International book series Metro 2033**", project "**Authors**", "**The Guinness Book of Records**" promotion project , "**The Hunger games**", "**Year of Gabriel Garcia Marquez 2012**" etc.)
- We use the most cutting-edge promotion technologies.

AST publish the best world-famous authors



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- **Douglas Coupland**
- **John Grisham**
- **Jorge Bucay**
- **Nicholas Sparks**
- **Pascal Quignard**
- **Paulo Coelho**
- **Stephen King**
- **Stephenie Meyer**
- **And many others...**

country's indie publishers and retailers, says Alexander Ivanov of Ad Marginem, who masterminded the alliance. "We now have approximately 114 membership applications and strong support from independent bookshops, especially in the provinces. Among the

many first-year activities is the alliance's conference during the Books of Russia fair in March, as well as five book events in Moscow, St. Petersburg, Vyatka, Perm, and Nizhny Novgorod, aside from developing the alliance's Web site and an extensive mailing list of indie

booksellers and publishers." (Publishers Text and OGI, along with retailers Falanster and Piotrovsky, are among the first few members.)

In the short time since its founding, the alliance has already organized a two-day book festival in Moscow's Muzaon Park, celebrated Piotrovsky's two-year-old bookstore in Perm, and hosted a delegation with roundtable discussion at the Vilnius Book Fair in Lithuania.

"The growth of online bookstores such as Ozon.ru is important for indie houses. It is a marketplace that often offers the only way to reach our readers outside of Moscow and St. Petersburg. Equally important in terms of marketing and distribution are provincial book fairs and the re-emergence of local bookshops, which had mostly collapsed along with the Soviet Union, or soon after that."

The Show Goes On

While book prices have gone up in Russia (as everywhere else) and pirated/free downloads are rampant, the writing continues. As Perova of GLAS puts it, "Publishers and authors are certainly losing money, but fortunately there is no lack of writers who simply cannot help writing. Of course, readers, as well as publishers, should be able to distinguish between graphomaniacs and good writers." At the same time, she finds that readers of literary fiction and serious books are not that eager to migrate to e-books: "The interest in e-book and e-reading is grossly exaggerated, and certainly does not apply to all types of fiction."

But it is nonfiction that boasts the biggest changes in recent years, with reader interest in different genres—memoirs, biographies, popular science, politics, etc.—increasing dramatically, says editor-in-chief Varya Gornostaeva of Corpus Books (an imprint of AST). "When Corpus was founded in 2009, our portfolio was seven to three in favor of fiction, but nowadays we are paying much more attention to nonfiction. In a way, the financial crisis has caused readers to be much more selective, thus

Read Russia 2012

READ.RUSSIA

With Russia as the country of honor at the June BookExpo America, a city-wide festival to celebrate contemporary Russian arts and culture is in preparation. Running from June 1 to 8 at leading cultural institutions and social venues across New York City, Read Russia 2012 will find contemporary and classic Russian writers exchanging ideas with American literary stars as well as stage and screen personalities. And from June 4 to 7, BEA will feature special programs on Russian publishing, book culture, theater, and film at the Javits Center's 4,000-sq.-ft. Russian national exhibit and performance space.

Says president and executive director Peter Kaufman of Read Russia 2012, "America's literary and cultural connection to Russia and Russian books and ideas stretches across centuries, with some decades marked by intense political and social changes in both countries. Personally, I find this program—maybe the largest ever to be held since the 1920s—a great opportunity to re-establish this connection and to promote Russian literature and book culture to the U.S."

Sponsored by the Russian Federal Agency for Press and Mass Communication under the direction of Vladimir Grigoriev, the Read Russia Literary Showcase will present panel discussions, readings, and workshops with 25 contemporary writers, including Dmitrii Bykov, Sergei Lukyanenko, Vladimir Makanin, Edward Radzinsky, the pseudonymous Master Chen, and Mikhail Shishkin. There will be a public exhibition of illustrations from Russian children's books published between 1881 and 1939, featuring 50 original volumes and 150 replica posters (from a private collection). The Read Russia program will also present *The Russians Are Coming! In Search of the (New) Great Russian Novel*, a documentary film introducing the Russian literary successors to Gogol, Chekhov, Tolstoy, and Pasternak. New York-based Overlook Press, known for publishing Russian literature, will release a new anthology featuring excerpts from 40 contemporary Russian works in time for BEA. American booksellers are also involved, collaborating with BEA on a campaign to promote Russian contemporary authors through the 2012 holiday season.

Somewhere down the road, Kaufman hopes that the publishing and literary community will come together to build a bigger market on American soil for new Russian writings, and to do so through dynamic means. "Technology holds such promise: imagine deploying the Web, video, and social media to advance this goal of informing publishers and editors about new works and ideas. And this is exactly what we are doing with the Read Russia program."

You can join the conversation on the event, starting on May 1, through @ReadRussia2012, Facebook.com/ReadRussia2012, or YouTube.com/ReadRussia2012, or access the official Web site at www.ReadRussia2012.com for more information.

CORPUS BOOKS was established in 2009 and has now become a recognized leader on the Russian book market. An imprint of AST Publishing Group, a major publishing company in Russia and CIS, **CORPUS BOOKS** has an independent publishing programme focused on literary fiction representing a variety of genres from up-market novels to detective stories, from thrillers to women's prose. The interests of **CORPUS BOOKS** extend over various non-fiction categories, including biography, history, documentaries, science and technology, politics, social anthropology, lifestyle, cookery, popular psychology, medicine and current affairs.

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resulting in higher demand for serious reading material. So the more commercial publishers are trying to increase their literary titles. And while this is very positive, it has certainly intensified the competition.”

The children’s segment remains the brightest spot in Russian publishing, “occupying somewhere between 16% and 20% of the Russian publishing market, with industry experts predicting it to go up to 25%,” says Mikhail Markotkin, president of Rosman Group. “The main reason for this rise, I think, is not due to an increase in children’s book

sales but a decrease in the adult segment. But this is not an easy market. For one, the strict requirements on production and printing now border on absurdity. Then there is the entry of general and trade publishing houses into this segment, causing heightened competition and overproduction of children’s books.”

While Rosman produced more titles in 2011 compared to the previous year, it sold fewer copies per title (with an average drop of 3%). Future success in the children’s segment, adds Markotkin, “would depend on the ability to

distribute directly to retail partners and bypass wholesalers, and most companies are trying to do that now. However, going direct in a vast country is a logistical nightmare, especially when the quantity ordered is usually on the low side.”

Now that the major opportunities and challenges in the Russian publishing industry have been identified, let’s take a closer look at specific companies, 16 in all, to learn more of their programs and upcoming plans. (For more background information and coverage of various publishing houses, please refer to the

Fairs and Festivals

Given the size of Russia (the biggest country in the world, with nine time zones), one finds a mix of international, national, and regional book fairs. The two biggest events are, of course, the Moscow International Book Fair and the Non/Fiction Fair, described below. Then there are smaller events in St. Petersburg, Nizhny Novgorod, Krasnoyarsk, Perm, Kirov, and other cities that help publishers get in touch with readers in Russia’s far-flung corners. For nonreaders (with the objective to get them to start reading), the Moscow Book Market Festival, where visitors can listen to authors, watch performances, and attend plays, is the event to look out for.

Moscow International Book Fair

Billed as Russia’s largest book forum, the annual Moscow International Book Fair (MIBF), held over six days in September, is organized by the General Directorate of International Book Exhibitions and Fairs. The company is also responsible for the Russian Books National Book Fair in March (showcasing some 1,000 exhibitors from around the country) and the Russian national stands at various international book fairs, such as Beijing, Cairo, Frankfurt, New Delhi, Barcelona, Jerusalem, Paris, and Warsaw.

Last year’s 24th MIBF event saw 180,000 visitors and 1,572 exhibitors from 57 countries occupying nearly 36,000 square meters of exhibition space. “There were 500 events, 26 roundtables, 25 conferences, 313 presentations, 176 author meetings, and 17 master classes and training sessions,” says MIBF director Nikolay Ovsyannikov. One thing he has witnessed in recent years is an increased interest among visitors and exhibitors in new technologies and methodologies associated with book promotion, copyright issues, on-demand printing, and reading promotion. “New trends are always taken into consideration when we plan for the next event. For instance, last year’s inaugural On-Demand Russia conference was dedicated to digital publishing and

printing technologies, while the Science Book Festival was aimed at reviving interest in popular science literature. And for Russian readers keen to interact with popular authors, we introduced the Author’s Corner, to facilitate literary discussion between readers and authors.”

The General Directorate organized a special reading campaign called “Book Turnover,” for visitors to exchange read books with new ones. “We also held a gala ceremony for the Books of the Year Award, as well as a few new competitions such as Runet Book Prize, Biblio-Partnership, and Reading Leader, to further the book industry’s development and to promote reading.”

MIBF operates under the aegis of the Federal Agency of Press and Mass Communications, but the General Directorate functions as a private for-profit organization with no government funding. “Our fair plays an important social role in promoting regional works and publishers, as well as encouraging rights trading and translations,” adds Ovsyannikov. “For these reasons, we provide nearly 30% of the exhibition space free or with some discount to small and independent regional publishers, especially those in the



2011 “Publishing in Russia” report on PW’s Web site. Exclusive reports on the Russian book industry will be posted on www.publishersweekly.com/ReadRussia2012 between April 2 and June 4.)

Ad Marginem

An independent publishing house operating from a basement office in Moscow, Ad Marginem never shies away from the provocative and the controversial. In fact, Vladimir Sorokin’s *Blue Lard* scored its first major success in 2002, with sales rocketing to 100,000

copies, after progovernment youths flushed copies of the book down a giant toilet installed outside the Bolshoi Theater. Then there were titles from journalist Elena Tregubova (*Tales of a Kremlin Digger*), opposition leader Edward Limonov (*In Through the Prisons*), and Chechen War veteran Zakhar Prilepin (*Pathologies*).

For 2011, its bestsellers include French-American Jonathan Littell’s *The Kindly Ones*, Prilepin’s *Sankya*, Leonid Yuzefovich’s *The Emperor of the Desert*, and *Ten*, an anthology of contemporary Russian fiction edited by Prilepin. “The

coming months will see the publication of *The Complete Works of Heraclitus of Ephesus*, Tom Reiss’s *The Orientalist*, Emmanuel Carrère’s *Limonov*, and Susan Sontag’s *On Photography*,” says co-owner/publisher Mikhail Kotomin.

Two years ago, Ad Marginem ceased using distributors affiliated to major publishing houses when it saw its sales declining. “We started working directly with retailers and small book chains. Next, we combined sales and warehousing resources with another indie publisher, Text, so that now the team pushes titles from both houses

business and children’s segments.”

Work has started on the 2012 MIBF (September 5–10), which will feature France as the guest of honor. More than 300 events have been planned, and authors such as Mikhail Shishkin, Dmitry Bykov, Valentine Rasputin, Vladimir Makanin, and Yuri Polyakov are expected to grace the fair.

Non/Fiction Fair

It started from an idea for a new type of book fair that would focus on high-quality and serious books at a time when commercial works were very popular. The inaugural fair took place in 1998, and today big commercial publishers are allowed to participate only with a highly selective range of titles. Last year, it hosted more than 300 events, 34,000 attendees, and 290 publishing companies from 20 countries. About 4,000 foreign visitors (up from 3,000 in 2010) turned up for the fair.

Held at the Central House of Artists by the privately owned company Expo-Park (which also organizes several other cultural fairs), the five-day annual event typically kicks off at the end of November. The organizer is known for its support of indie publishers, offering exhibition space at reduced price and special venues for events and presentations. “Last year, we went a little further by giving indie publishers the best location—right after the entrance. Our rationale is simple: these are the publishers with unique programs that uncover new talents and works. They take risks and invest money in cultivating future literary stars where others would not,” says Expo-Park director Anna Makarova. Naturally, these indie publishers chose to launch the Alliance of Independent Publishers and Booksellers at the fair in 2011.

“The Non/Fiction Fair attracts more press coverage than any other event, and it is here that foreign publishers come to search for information on the Russian book industry and interesting



works for translation. Within the past five years, it has become more commercially viable and popular, shifting from an exclusive event for Russian intellectuals to one of Moscow’s main publishing events,” adds Makarova, whose main goal is to create a demand for high-quality publications by analyzing reading preferences. An expert committee (that includes Natasha Perova of GLAS and Irina Prokhorova of NLO), established at the beginning, further helps to ensure the fair’s focus on high-quality literature. “We continue to emphasize popular science literature, which enjoyed much demand during Soviet times but faded during perestroika. It is now being revived. Obviously, nonfiction of any kind is preferred over pure fiction at our fair. In recent years, we are seeing more docu-fiction, or literature on new realism, and intellectual writings on futuristic fantasies.”

On November 28, the 14th fair will feature Germany as the guest of honor and a program that revolves around a series of “values” lectures on trust, equality, and freedom. The children’s program will be led by child psychologist Angela Tamm.

simultaneously. We currently work with two book chains in Moscow and St. Petersburg, and approximately 50 bookshops in other regions,” adds co-owner/publisher Alexander Ivanov, who is pleased to see his online sales at Ozon.ru growing 25% annually. “We organize indie fairs in Moscow—and in other cities soon—to allow readers to buy cheaper books and enable us to find small retailers. We are now working on a personalized mailing list of 3,000 core subscribers, which gives us our minimum print volume. These readers then order our titles directly through indie bookshops.”

As expected, being an indie house in a market dominated by big players is tough. “One way for indies to survive is to move into special segments and nonbook markets—museums, cafes, libraries, and such—with niche publishing programs. Another alternative is to reduce print runs and somehow survive on profits from major titles,” says Kotomin, pointing out that the Internet can help indies to create their own market. “The democratization of book distribution opens up new opportunities as indies are nimbler in scouting for new titles to suit changing reader preferences.”

AST

With 10 imprints (including Astrel, Vostok-Zapad, Corpus, Avanta+, Sova, and Comics Factory) generating more than 1,000 titles per month, AST is never short of bestsellers that sell over a million copies. For instance, there are four million copies of Dan Brown’s titles in circulation, and Stephenie Meyer’s *Twilight* series has chalked up more than two million copies in sales.

President Yury Deykalo is looking forward to more hits with Walter Isaacson’s *Steve Jobs*, Paulo Coelho’s *Aleph*, Michel Houellebecq’s *The Map and the Territory*, Umberto Eco’s *The Prague Cemetery*, Stephen King’s *11/22/63*, and Gabriel García Márquez’s *Vivir Para Contarla*. “Interestingly, Márquez’s book represents the first legal edition of his works in Russia, as it took



Yury Deykalo, president of AST

us 15 years to negotiate the rights with his agent, Carmen Balcells,” says Deykalo, whose more than 200 editors work closely with a dozen or so packagers to come up with new titles, formats, and editions.

In children’s books, the industry’s best segment, AST has exclusive rights to six of Russia’s top children’s authors, including Samuil Marshak and Eduard Uspensky, as well as control rights over Russia’s biggest animation company, Soyuzmultfilm. In the children’s magazine segment (which contributes nearly 15% to the company’s revenue), AST is the nearest competitor to Egmont, publishing about four magazines per month and offering 30-plus magazines, such as *Winx*, *Hello Kitty*, *Ben 10*, *Bratz*, and *Angel’s Friends*. “The idea of packaging children’s magazines with toys is one that works well in our market. Aside from making the whole learning process entertaining, it also offers a way to compete with disruptive media such as television and the Internet that are eroding children’s reading habit.”

Deykalo’s goal is to improve sales through investment in different product segments and pushing the titles through a diversified range of distribution channels. And with more than 373 outlets in its Bukva chain focused on distributing its own titles (and selected titles from other publishers) as well as partnerships with major bookstores such as Moscow House of Books, Biblioglobus, and Respublika, its books are

certainly well distributed. “Buying rights to bestsellers, providing the best translation quality, and moving them quickly to the market is one strategy to boost sales. We need to focus on big projects and spending more promotional and marketing efforts to turn them into successes in Russia.”

Azbooka-Atticus

Given the stacks of Dmitrii Bykov’s *Citizen Poet* in all the bookstores, big and small, that *PW* visited, it is not surprising to see the title on Azbooka-Atticus’s 2011 bestseller list. In total, more than 100,000 copies are in circulation, and a new two-volume edition with a DVD to accommodate additional material has just been released. The book is based on the political satire of the same name in which actor Michael Yefremov performs various Russian classical poems adapted and recited by Bykov. Nothing about Russian politics or politicians is considered off-limits in the performance (and the book). “Timing has been an important factor for its success. We launched the first volume in November 2011, and it rode on the interest generated by the recently concluded parliamentary election. The next volume will carry on the conversation and examine what has happened,” says CEO Arkady Vitrouk.

Also on its bestseller list is TV personality Leonid Parfenov’s *The Other Day*, which chronicles the final decades of the Soviet Union, as well as Rony



Arkady Vitrouk, CEO of Azbooka-Atticus

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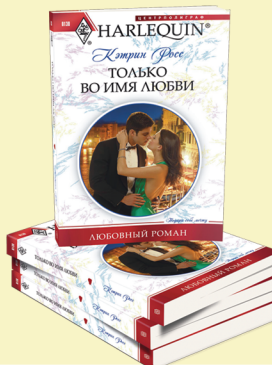


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Oren's *Secrets of Clay* children's activity series and Gregory David Roberts's *Shantaram*.

"Our 2012 focus is on digitizing our list, strengthening the position of our main segments, such as children's books and translated fiction, and finding new sales channels beyond the traditional methods," says Vitrouk, who views the increasing interest in nonfiction as a new opportunity. Azbooka-Atticus's current publishing program is around 65% translations, and efforts to grow its originals list is proving to be tough. "Few Russian authors write regularly, making it hard to find new titles from published authors. And branding any author is impossible given their sporadic works." YA titles with potential, adds Vitrouk, are hard to pin down. "Russia and the rest of the world, it seems, are fixated on the *Twilight* series. Readers and retailers are using it as a benchmark for new titles for that age category, and meeting such expectations is obviously not possible. So our editors have been very selective and we published only a few YA each year." (Vitrouk's publishing team, comprising nearly 80 editors, released 600 new titles and reprinted more than 1,500 titles in 2011.)

There are certainly not many originals from contemporary Russian culture to capture international attention, he adds. "Russian publishers in general are not producing enough titles that revolve around everyday life, or topics that bridge cultures. We need to move on from Soviet Union-based themes and Russian classical authors to fresher voices and topics."

Centrepolygraph

Digitization for e-books started in earnest about 15 months ago (immediately after the 2010 Non/Fiction Fair), and so far more than 2,000 titles are available through its partner, LitRes. Spearheading this digital initiative is director Filipp Shipetin, who is pushing to get the digital version out within a month of the print publication. "Digital pirates prey on titles that have no electronic version,



Filipp Shipetin, director at Centrepolygraph

and they act very fast once a book is launched. Our goal is to beat them."

The most notorious and active of these e-pirates, says Shipetin, operate outside of Russia, in countries such as Ecuador where copyright enforcement is weak at best. "Lib.rus.ec, lib.ru, flibusta.net, and aldebaran.ru are the more popular sites frequented by readers looking for free content. Then there is peer-to-peer file sharing of scanned books through BitTorrent networking. Clamping down on pirate sites and file-sharing activities is difficult, and lawsuits are often lengthy, costly, and draining affairs, with no assurance that they would not return using different domain names." For now, Shipetin is busy digitizing every title that Centrepolygraph has obtained digital rights for, most of which are Russian originals.

As for Harlequin titles that it publishes in Russian, "We have the digital rights, and the 100-plus titles that we have published so far are available as e-books," says v-p Alexandra Shipetina, noting that the e-books are selling very well. For print, titles by Nora Roberts will go for a 100,000-copy printing, while Sandra Brown and Tess Gerritsen command a 60,000-copy order. "We are launching hardcover and mass market paperback versions this year. You can say that the Harlequin program has been a major success." Other translated titles such as Emma Donoghue's *Room* and Peter James's *Dead Man's Grip* have also

done well, earning them slots on Centrepolygraph's bestseller list. New translations are on the way, including thrillers by Charles Todd (*Red Door*) and Deon Meyer (*Trackers*). "In a few months, we will launch Kyung-sook Shin's *Please Look After Mom*, an unusual and interesting story that was voted one of Amazon's 10 Best Fiction Books for 2011."

As for originals, one of Shipetina's biggest projects this year is going to be Evgeniy Antashkevich's *Harbin*, a big book based on the 20th-century Russian Civil War. "We are going to enter this title for the Russian Booker, Big Book, and National Bestseller awards. Another project, *Limonka in Prison*, is Zakhar Prilepin's latest work on present-day Russia and its political prisoners," adds Shipetina, whose team will also be bringing out new nonfiction titles by leading Russian psychologists Valeriy Sinelnikov and Anatoliy Nekrasov.

Corpus

How a book looks as an object is very important to editor-in-chief Varya Gornostaeva, who has been collaborating with Andrey Bondarenko, one of the best book designers around, in the past dozen years or so. "Book design is crucial in projecting high-quality titles as complete cultural objects. At Corpus, an imprint of AST, book covers get as much attention as content and translation. In fact, Corpus titles are easily recognizable and even famous for their covers." Several recent titles are given very bright and distinctive designs. Such designs, she adds, "are



Varya Gornostaeva, editor-in-chief at Corpus

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great for attracting attention when there are so many titles and competing choices at the bookstore.”

Recent bestsellers from Corpus include Patti Smith’s *Just Kids*, Umberto Eco’s *The Prague Cemetery*, Michel Houellebecq’s *The Map and the Territory*, Walter Isaacson’s *Steve Jobs*, Jonathan Franzen’s *Freedom* and Michael Cunningham’s *By Nightfall*. “Isaacson’s book is a rather unique case. Often, when it comes to a bestseller like this, agents would hold an auction. But for this book, in a bid to keep it under wraps, the agents negotiated with a select publisher from each country that they felt would be most suitable to publish the title. It was very flattering that Corpus was chosen for Russia. Our international scouts at Maria Campbell Associates have certainly been really good at keeping us informed of new and important titles well in advance.” At first, Gornostaeva commissioned two translators for the title, but she added another two after Steve Jobs’s death. That enabled Corpus to launch the book on December 1 at the Non/Fiction Fair—barely six weeks after the U.S. edition—with a 30,000-copy print run, and it has gone back for 10,000-copy reprints three times already.

The next few months will see more big titles from Corpus, including Ines de la Fressange’s *La Parisienne*, Keith Richards’s *Life*, Salman Rushdie’s *Joseph Anton*, Amy Chua’s *Battle Hymn of the Tiger Mother*, Andrew Ross Sorkin’s *Too Big to Fail*, and Hal Vaughan’s *Sleeping with the Enemy: Coco Chanel’s Secret War*. Corpus has also published Martin Amis, Jennifer Egan, Siri Hustvedt, Jonathan Tropper, David Remnick, and Philip Roth.

“We are happy if a novel sells 5,000 copies,” says Gornostaeva. “In recent times, fiction sales have come down considerably, and that makes us very selective in buying fiction. While names such as Eco, Houellebecq, Franzen, Cunningham, Don Winslow, and Peter Ackroyd form a big part of our fiction list, we are always open to new names, even debut works.”

Eksmo

Haruki Murakami is currently flying high at Eksmo. With more than 110,000 copies of his first two volumes of *1Q84* in print, Eksmo is counting on another bestseller when the final installment is out in a couple of months. “We have rights to 26 of his titles, all reprinted regularly. *Norwegian Wood*, for instance, has been enjoying a revival following its big-screen adaptation,” says CEO Oleg Novikov, whose team published Murakami’s collection of short stories, *Yoru No Kumozaru*, for the first time last year. Other translated bestsellers (aside from the usual suspects by Stieg Larsson and Rick Riordan) include French nutritionist Pierre Dukan’s *Je ne sais pas maigrir* (more than 100,000 copies sold), Steve Harvey’s *Straight Talk, No Chaser*, Lauren Oliver’s *Before I Fall*, and works by P.C. Cast and Daniel Amen.

Detecting a strong interest in nonfiction, especially true stories, Novikov has lined up several big titles for the coming months, including Jack Mayer’s *Life in a Jar*, Jaycee Dugard’s *Stolen Life*, and Mitchell Zuckoff’s *Lost in Shangri-la*. In fiction, readers can expect to see Lauren Oliver’s *Delirium* and new titles from Camilla Lackberg and Rachel Mead on the shelves soon.

As for local authors, no one beats Ludmilla Ulitskaya’s latest, *The Green Tent* (300,000 copies sold in eight months), and Viktor Pelevin’s *S.N.U.F.F.* (150,000 copies sold since its December 2011 launch). Then there are Daria Dontsova (Eksmo’s bestselling author for 10 years running), Alexandra Marinina, Tatyana Ustinova, Tatyana Polyakova, Oleg Roy, and Maria Metlitskaya. Some of these names are among the dozen or so authors whose new titles automatically command a minimum 100,000-copy print run.

“The drop in sales of fiction has prompted us to go into other segments, which is great in terms of diversification. For manufacturing, we have moved more jobs offshore, specifically to China, for book-plus and those requiring hand



Oleg Novikov, CEO of Eksmo

assembly and plush-and-plastic components,” adds Novikov, who is looking forward to faster delivery with the opening of a new seaport in St. Petersburg. His team is also busy expanding its list of 15,000 e-book titles while monitoring e-book piracy. “I’m very happy with the digital development in the book industry as it opens up new opportunities to reach readers and creates new business models. Personally, I believe that the subscription model would work best in Russia’s e-book market.”

GLAS

Producing bestsellers is not publisher Natasha Perova’s goal. “We want to discover authors and give their voice a platform. We want to help those who live in the provinces and do not speak any foreign languages, those who consider it embarrassing to promote themselves, or those who are long dead but their works have only now been published for the first time in Russia.” She is focused on young post-Soviet writers whose works are refreshing. “These writers address current issues with no holds barred. Alexander Snegirev in *Petroleum Venus*, for instance, describes the experience of a single father with a Down syndrome child and highlights the problems of Russia’s disabled. We have published Arslan Khasavov’s *Sense*, about Russian youths’ political struggles, and Andrei Kuzechkin’s *Mendeleev Rock*, on Russian



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Natasha Perova, founder and publisher of GLAS

punks in the provinces, and *Off the Beaten Track*, about hitchhiking. All of the above authors are Debut Prize winners.” (The Debut Prize, supported by the Pokolenie Foundation, awards writers under 35.)

Translating formerly banned books from the 1920s and 1930s is another goal. “We keep discovering such gems as Sigizmund Krzhizhanovsky, who has now been translated into other languages, with his fourth title soon to be published by NYRB Classics. I’m hoping for a similar success with antiestablishment writer Vlas Doroshevich, whose collection of satirical tales, *What the Emperor Cannot Do*, was out recently. We have also reissued *The Scared Generation*, two novellas by Vasil Bykov and Boris Yampolsky, about political persecution in Soviet Russia and Belarus.”

Perova’s next big project, timed for BookExpo America, will be a collection of stories by young women writers. Half of the authors in Russia, she says, “are women, and their books are invariably in greater demand. Russian women, who are increasingly taking on leadership roles in our society, have a pragmatic view and speak openly on all issues. This makes their writings fascinating and spot-on.”

Meanwhile, her year-old partnership with distributor Consortium has expanded to digitization. “The e-book program, focused on our backlist, is

aimed at the U.S. market, and most of these titles have not lost any of their relevance despite the passing of time.” The partnership, she adds, “has provided GLAS with a wider exposure and much more professional service than what we had before. But, of course, we do not always see eye to eye: on cover designs, for instance, they want a more American style, whereas I want to retain the Russian look and feel.”

Ivan Limbakh Press

Uncovering new authors and picking out unique titles are the strategies of indie publisher Ivan Limbakh Press (named after its founder). “For instance, we published Patrick Barbier’s *Vivaldi’s Venice* because there is no other book like it on baroque music. But this strategy does not always work as planned. Jung Chang’s *Wild Swans*, for example, was a blockbuster in many countries, but it did not fare that well in Russia when we released it in 2008,” says editor-in-chief Irina Kravtsova, who actively seeks funding from organizations such as the French National Book Centre, the Polish Book Institute, Goethe-Institut, and the Fulbright Program for her projects. Not surprisingly, translations make up more than half of her catalogue.

Recent major titles from this 15-year-old press include Dutch historian Johan Huizinga’s works, Alfred Doeblin’s sci-fi *Mountains, Seas and Giants*, and classical French writer Marguerite Yourcenar’s novels and essays. “We released Yourcenar’s works in three volumes, and most of these works had not appeared in Russian before. We also published Olga Manulkina’s *From Ives to Adams: American Music of the Twentieth Century* with a grant from the American Council of Learned Societies. Her book is the first in Russian to cover the entire century of the subject, and it is packed with photos from the Musical American Archives.” Due out over the next few months are Witold Gombrowicz’s *Diaries*, Czesław Miłosz’s *The Issa Valley*, Mikhail Kuzmin’s *Diaries, 1921–1923*, and Lev Loseff’s poetry.

As with other indie publishers, Ivan

Limbakh faces a big challenge in distribution. For Kravtsova, “liaising with several independent wholesalers is the best way to reach the regions. Unfortunately, these distributors do not specialize in intellectual literature or know how to deal with it. So we also sell directly to specialist bookstores like Falanster and Primus Versus in Moscow or Porjadok slov and Knizhnyi okop in St. Petersburg. Online bookstores order our titles through wholesalers, and this is the way we cover the major channels.”



Irina Kravtsova, editor-in-chief at Ivan Limbakh Press

To achieve an extensive reach, a broad promotional strategy is the key, according to Kravtsova. “Social media offer the best opportunity to reach out to the masses. We use blogs, social networks such as VKontakte (the Russian version of Facebook), and virtual bookshelves like Knigabyte. Attending book fairs is equally important, and we take part not only in major exhibitions but also regional events in Perm and Krasnoyarsk.”

New Literary Observer (NLO)

Publisher Irina Prokhorova has stayed true to her mission for NLO of examining Russian culture in a global context since establishing the company 20 years ago. For instance, at the 2011 London Book Fair, she organized the Unknown Russia program, where a series of debates, readings, and performances uncovered little-known aspects of Russia’s cultural

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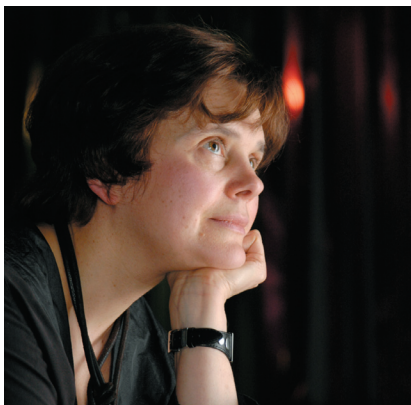
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Irina Prokhorova, publisher of NLO and cofounder/chair of The Mikhail Prokhorov Foundation.

life, alternative literary traditions, and contemporary creativity. “It served to promote a better understanding of Russia’s past and present. I am hoping to do something similar for the upcoming Book Expo America if time allows.” For the London Fair, she and Oliver Ready (editor of the *Times Literary Supplement* and a leading translator of Russian literature) will speak in a panel organized by the Mikhail Prokhorov Foundation to promote translations of Russian fiction and nonfiction, as well as to discuss such issues as international publishers’ difficulty in obtaining real information on Russian literature and creating the right context for contemporary Russian creativity.

As for publishing, NLO released 90 new books and three journals (16 volumes) last year. Among the books is *Angry Poll Watchers*, a collection of true stories from volunteer observers at the Russian parliamentary elections in December 2011, which was released two weeks before the presidential campaign started. Within 10 days of its release, all 15,000 copies were sold. Then there is Liudmilla Shaporina’s *A Diary*, a two-volume documentation of Russia from 1920 to 1960 that includes such topics as politics, economy, religion, everyday life, the Leningrad siege, KGB activities, and literary movements. “Another interesting title is *Will Democracy Take Root in Russia* by economist and liberal thinker Evgeny Iasin, which covers everything related to economic growth,

cultural patterns, and the influence of culture capital,” adds Prokhorova, whose team also translated Eric Lohr’s *Nationalizing the Russian Empire*, Elizabeth Wilson’s *Adorned in Dreams*, and Philippe Descola’s *Par-delà nature et culture*.

As cofounder and chairman of the Prokhorov Foundation’s expert board, Prokhorova is also in charge of the Transcript translation support program, for translating Russian works into other languages. “In 2009 and 2010, applications came mostly from Spanish, Italian, and East European publishers. By the end of 2011, 40% of the applications were from the U.K., U.S., and Scandinavia. There is also a shift from well-known Russian classical novels to contemporary Russian writings over the same period.” The foundation recently announced the 2011 NOSE Literary Prize winner: Igor Vishnevetsky’s short novel, *Leningrad*, on the first eight months of the city’s siege during WWII.

OLMA Media Group

Professor and politician Vladimir Medinsky gave OLMA one of its biggest sellers last year. “We launched *The War, 1939–1945: Myths About the USSR* with a 25,000-copy printing, and it has since gone back for reprints seven times, bringing the total to 71,000 copies,” says general director Dmitry Ivanov. “Medinsky became famous after the publication of the Myths about Russia series, which is published by us. His



Dmitry Ivanov, general director of OLMA Media Group

books challenge many stereotypes and offer alternative interpretations based on original historical documents.” OLMA has released another Medinsky title, *The Wall*, which is the author’s first attempt at fiction. “It is based on events in Smolensk four centuries ago during a period called the Time of Troubles, which culminated with Russia’s victory over foreign invaders.”

Another OLMA bestseller—a sleeper hit, actually—is Archimandrite Tikhon Shevkunov’s *Unholy Holy and Other Stories*. Published in September 2011 with 60,000 copies, it is now in its sixth reprint, with a total of 590,000 copies in print. “It has been on the bestseller list of all bookstores since its release, and was recently nominated for the National Bestseller award. I do not think that its popularity is driven by its religiosity since it is, after all, a work of fiction—specifically, a literary memoir. But it is written by the Sretensky Monastery’s superior abbot, a much loved person. I think Russian society today is trying to find its moral compass, and people are going back to basics to find it.”

Well-known author Boris Akunin’s *Love for History* gives OLMA another boost. The book is based on historical commentaries written by the author for his blog, which has become a popular discussion forum. “We printed 45,000 copies for its December launch. But this is just the beginning. The author is planning another title—also based on his blog—for 2012.” OLMA is also the exclusive publisher of sci-fi/mystery writer Alexander Bushkov, whose new works in 2011 have sold between 25,000 and 30,000 copies. His titles have been sold to Bulgaria (Persey Publishing) and Poland (Bellona).

“Our best translations last year were P.C. Cast’s *House of Night: Awakened*, Erin Hunter’s *Warriors* series, and George W. Bush’s *Decision Points*. We continue to select interesting titles for translation and publish highly illustrated titles—representing 80% of our publishing program—in different segments, such as children’s, educational, reference, and design,” adds Ivanov.

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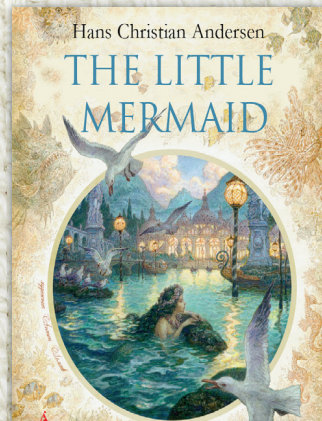
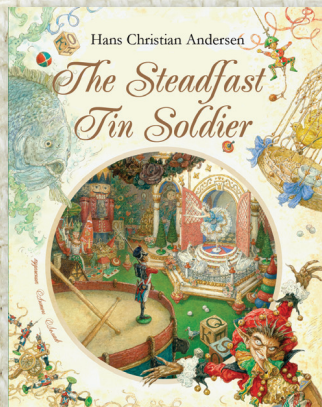
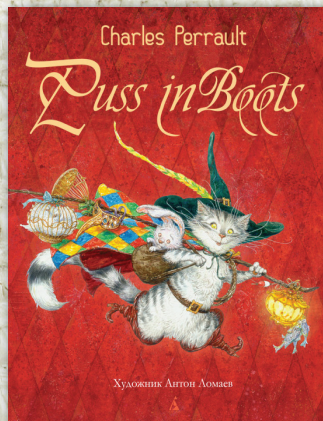
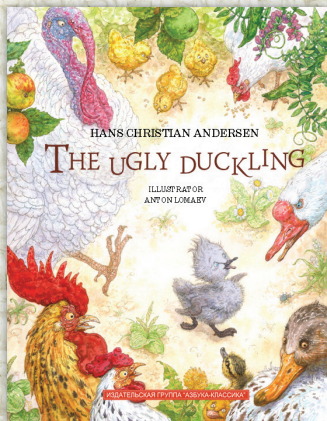
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Rosman Group

Much of president Mikhail Markotkin's attention in recent months "has been directed to preschool titles, a segment that currently represents 65% of our publishing program, and we are going to increase that to 80% over the next couple of years." Russia's rising birth rate in the past three years has a lot to do with his decision to shift gears to grow this segment.

At Rosman, Russia's biggest children's book publisher, licensing accounts for nearly 20% of its projects. "We continue to introduce well-known programs to Russian kids, such as Pop Pixie and the Smurfs, and these have been very successful. Going forward, we will publish more components such as storybooks from these programs." This summer, the Japanese manga series Doraemon is set for a big launch. (Rosman is the official distributor for Hasbro, Mattel, and Giochi Preziosi, with licensed series such as Beyblade, BellaSara, and Dora the Explorer.)

Parents, Markotkin says, prefer to buy less expensive children's books, especially since prices have risen 6% on average in the past two years (mostly due to inflation). "But while publishers are interested in producing cheaper formats—in softcover, perhaps—



Mikhail Markotkin, president of Rosman Group with the Best Children's Publisher Award given by the Association of Children's Goods Production last year.

bookshops are not ready to sell such lower-priced titles. In fact, retailers are spoiled for choice now that more publishers are rushing into the children's segment, seen as the brightest spot in the book industry, since fiction and general trade publishing have been on a decline."

Markotkin continues to offer readers more magic and fantasy, with the wand-waving Hogwarts boy (12 million copies and counting) its biggest series to-date. The final installment of Christopher Paolini's Eragon series was published two months ago, with 20,000 copies printed. In total, Rosman has sold half a million copies of Paolini's tetralogy. Last year, Rosman's bestsellers included Natalia Scherba's *Time Wizards*; Andrey Usachev's *Dragon and His Friends*; *Alice in Wonderland*, illustrated by Maxim Mitrofanov; and a baby series, *World in the Pocket*. "We are growing more originals that cater to local taste and demand, and we have sold them to several Eastern European and former CIS countries."

This year, he says, "we are looking to grab the market shares of exiting or declining publishing companies. We are focused on increasing our product presence in retail channels through promotional and marketing campaigns. And of course, we are also venturing into e-books and mobile apps."

ROSSPEN

When it was launched in 2008, ROSSPEN's 100-volume History of Stalinism made waves. "Prior to that, Russian literature was pro-Stalinist. Over 50% of Russians today still view Stalin positively. In fact, books on 20th-century Russia are always the subject of heated public debate," says editor-in-chief and director Andrei Sorokin.

"I firmly believe that our publishing policy and publications have influenced public opinion. For instance, President Medvedev, in a move to distance himself from Stalinism, has instructed a working party to study proposals for a memorial for victims of political repression during



Andrei Sorokin, editor-in-chief and director at ROSSPEN

the U.S.S.R. period. Another example is a series we started years ago on reformist Pyotr Stolypin, who was murdered while serving as prime minister under Nicholas II. Today, Stolypin's birthday is celebrated nationwide. It is fair to say that the social and political views and moods of Russia have changed before our very eyes, and ROSSPEN has played an active role in that process." So it was not surprising to see History of Stalinism shortlisted for the IPA Freedom to Publish Prize in 2009 and 2010, and the 2011 National Book of the Year award. ROSSPEN also won the Publishers Award at Open Book Russia 2011 organized by the National Bibliographical Resource.

Another series, Russian Philosophy: Second Half of the 20th Century, was awarded the Best Humanities Title as well as the Grand Prix by the Russian Publishers Association at the Best Russian Books 2011 competition. "The 21-volume Russian Philosophy series, which began in 2006, aims to examine the ideas and achievements of Soviet nonconformists and analyze them in the context of modern scientific and philosophical problems. Coming up next is a new series on the first half of the 20th century," adds Sorokin.

More big projects, timed for various anniversary events, are in the works. "For the 200th anniversary of the 1812 Patriotic War [Napoleon's invasion of Russia], for instance, we have a series of



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historical studies named the 1812 Epoch. Containing over 3,500 articles and 1,500 illustrations, they include some 2,000 biographies of military, state, and both public and literary figures. And for the 150th anniversary of Stolypin's birth, we are bringing out 15 books on his life and activities, the most important of which is the *Stolypin Encyclopedia*, with a foreword by Vladimir Putin. With so many anniversaries coming up, and our collaboration with archives and libraries, there is no shortage of material for publication."

Not many know that 60% of the books produced in Russia are of scientific and academic nature, adds Sorokin. "The challenge of ever-diversifying demand—thus generating more titles—while having to survive on smaller print runs is one that all academic publishers have to deal with."

Slovo

Slovo started publishing art books in 1995, at a time when there was no other player in the segment. "They comprised 70% of our publishing program then. Today, it is about one-third," says marketing and PR director Alexandra Eritsyanyan, whose team has collaborated with Magnus Books, Scala Publishers, Bertelsmann, RCS Libri/Bompiani, and HarperCollins (U.K.). "Overall, nearly



Alexandra Eritsyanyan, marketing and PR director at Slovo

70% of our titles now are translations of North American and British titles."

Recently, Slovo has revived its fiction program, which, together with children's books, was its main focus 23 years ago. "But we are very selective. For instance, we published Conan Doyle's *The Narrative of John Smith* because of its value, and releasing any of his unpublished works is in itself an exciting event." Slovo also published nonfiction works, such as Umberto Eco's *On Beauty*, *On Ugliness*, and *The Vertigo of Lists*, all of which have gone into numerous reprints, with the first printing in jacketed hardcover and later in paperback. "Last year, we were incredibly successful with *Fragments: Marilyn Monroe*, which had a first print of 10,000 copies." Coming up next are Kim Wilson's *Tea with Jane Austen* and Rosamunde Pilcher's novels.

As for bestsellers, nothing beats the 16-volume Greatest Museums of the World series launched in 1998, which features, among others, the Vatican, the National Gallery of London, Uffizi and Pitti Galleries, and St. Petersburg's Hermitage. "The print run has exceeded 100,000 copies for the series. As far as we know, it is the biggest illustrated series on museums of the world." The Tretyakov Gallery is the subject for the upcoming volume.

Another Slovo division, less known outside of Russia, focuses on collector's library editions. Its 10-volume Dostoyevski set, for instance, is a \$2,000 special collector's edition in hand-bound authentic leather. Then there are the 50-volume Children's Classics, 100-volume Russian Classics, and 100-volume Foreign Classics, all printed and bound in Italy. "These sets are mostly purchased by private collectors and government libraries. Few retailers can stock such products—there is not enough space for display—and direct B2C sale is the simplest. They do sell well at a few old, central bookshops and through Ozon.ru, though." Given the price tag, it makes perfect sense to advertise them in *Tatler's* and *Vogue* magazines. "Such ads allow us to show how beautifully the 50 or 100 volumes

come together, and many people buy them not just for their reading pleasure but also for display."

Veche

Last year, editor-in-chief Sergey Dmitriev and his team published 833 titles, of which 550 are new, and printed a total of 7.1 million copies. "In general, sales through traditional retail channels were down, while traffic through Ozon.ru increased slightly," says Dmitriev. "Fortunately, abridged versions of our major bestsellers, priced at 100 rubles, or \$3.50, sold very well through magazine and newspaper kiosks. While the retail price of these versions is low, so are our production costs, making it workable even for 30,000 copies." Encouraged by the positive response, Dmitriev is working on even cheaper adaptations of Veche's bestselling 40-volume History of Russian Orthodoxy. Set for launch this autumn, titles such as *Ten Centuries of Russian Orthodoxy* and *Baptism of Russia* will retail at 80 rubles each.



Sergey Dmitriev, editor-in-chief of Veche

Interestingly, it is a special photography/travelogue title, *The World Through the Eyes of Bloggers*, which took the spotlight in 2011. It marks a major departure from Veche's core subject areas, namely history and military nonfiction. The project, with avid traveler Dmitriev contributing the concluding chapter, is such a success that a month-long open-air exhibit of the photographs was held

25

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under the auspices of the National Geographic Society last August and September along Moscow Boulevard. “We are working on an app based on this title while working on *Russia Through the Eyes of Bloggers*, which is set for an April launch. Another project is a 340-page book, *Our Home: Earth*, with cosmonaut Fyodor Yurchikhin that will feature more than 300 photos taken from space.” More illustrated titles and other formats featuring bloggers are on Dmitriev’s to-do list.

Two other big projects last year were the 45-volume Secret History series and the 40-volume Collection of Historical Novels. As for bestsellers, the honor goes to two Veche originals (*100 of the Great Mysteries* and *Prayers of Russian Poets*) and two translations (John Gardner’s *Return of Moriarty* and George MacDonald Fraser’s *Flashman’s Papers*).

To mark the anniversary of the 1812 Patriotic War, several titles on the history of Veliky Novgorod, the Rurikovich dynasty, the Romanovs, as well as a series on the Time of Troubles are in the pipeline. “We have also noted the great nostalgia for old Russia among those over 50 years old. So we are working on a special series called Made in the U.S.S.R. to target this niche segment,” adds Dmitriev.

Vremya

Being a small publisher with 100 to 120 new titles per year is a good thing in a declining book market, says managing director Boris Pasternak. “We are much more nimble in adapting to changing times. Moreover, our titles, which are available in small quantities, are targeted at a small group of avid readers who would continue to buy books even when the economy is in the doldrums. Our complete works of 20th-century classical authors such as Solzhenitsyn, Platonov, Babel, Zoschenko, Iskander, Vysotsky, and Zhvanetsky are always in demand. These authors are published by others, too, but critics find our editions different and better, hence their popularity.”



Boris Pasternak, managing director of Vremya

But Vremya’s popularity is mostly attributed to the fact that it has the most award-winning titles. Here is a sampling from 2011: Book of the Year (for the complete works of Andrey Platonov), National Award for Literature and Art (Yunna Morits, *The Roof Went Home*), Russian Booker of the Decade (Alexandr Chudakov, *A Gloom Is Cast Upon the Ancient Steps*), and Yasnaya Polyana Prize (Elena Katishonok, *There Once Lived an Old Man and His Wife*).

Obviously (given Morits’s book), Vremya does not cater only to adults. “Contrary to popular beliefs, the YA segment did exist during the U.S.S.R. period, but it disappeared until the Harry Potter phenomenon hit Russia. Since then, YA and children’s publishing have flourished. We went into this segment about two years ahead of others and cultivated local talents. Now we have 15 titles by popular authors such as Marietta Chudakova, Andrey Zhvarevsky, Evgeniia Pasternak, and Igor Mytko.” A political activist, Chudakova delivers her vision through a series of adventure novels featuring teenage protagonist Zhenya Osinkina, and pens *Not for Adults* to recommend books that teenagers should read. The latter is a hit with librarians. Vremya is confident of another smash with Zhvarevsky and Pasternak’s forthcoming YA title, *I Want to Go to School*.

Vremya distributes directly to retailers like Moscow Bookstore and Biblio-Globus, and gives only one-third

of its stock to its biggest wholesaler, 36.6 (which in turn supplies to Ozon.ru). “Giving all your titles to one party is like giving away your independence,” says Pasternak. “We cannot rely on big distribution networks that are owned by major publishers because they prefer stocking their own titles. They only want our bestsellers such as Zhvarevsky, whose titles sold upward of 400,000 copies.” One very important partner, he adds, is the Pushkin Library Fund, which distributes Vremya’s catalogue to libraries and solicits orders.

Yasnaya Polyana

No venue is more appropriate to host the Garden of Geniuses Festival than Yasnaya Polyana, the museum estate of Leo Tolstoy. “This five-day event is organized every summer to fete seven literary greats from around Europe—Dante, Cervantes, Shakespeare, Goethe, Hugo, Joyce, and, of course, Tolstoy—and preserve classical literature. It has actors and musicians from the seven countries doing open-air performances that promote the literary heritage of these authors,” says director (and great-great-grandson) Vladimir Tolstoy, whose publishing team handles 40 to 50 fiction and nonfiction titles annually including multilingual guidebooks for the museum estate.

“We differ from other publishing houses in that we focus on books on Leo Tolstoy and the places where he lived, which means that there are big books



Vladimir Tolstoy, director at Yasnaya Polyana

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and small brochures, serious research as well as titles for children so that they can get acquainted with Tolstoy early in their lives. We also publish a collection of articles about Tolstoy and winners of the Yasnaya Polyana Book Prize.”

The prize, launched 10 years ago, has two categories: XXI Century for post-2000 works, and Modern Classics for those before. “Most literary prizes focus on titles published during the previous year, which often does not give books that are not noticed by readers and literary events a chance. Our book prize seeks to change that,” says Tolstoy. In 2011, for example, the prize, jointly sponsored by Samsung, went to Elena Katishonok (*Once There Lived the Old Man and His Wife*, a 2009 Russian Booker shortlisted entry) and Fazil Iskander (*Sandro of Chegem*, a 1966 work). Past winners include Mikhail Kuraev (*Captain Dikshtein*), Mikhail Tarkovsky (*Frozen Time*), Vladimir Lichutin (*The*

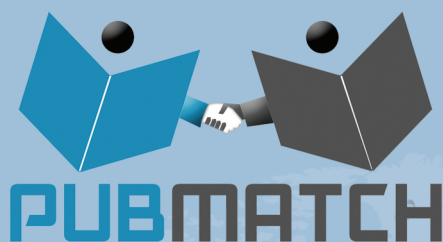
Schism), and Vasily Golovanov (*The Island*).

In August, Tolstoy will organize the fifth biennial family reunion, where approximately 130 family members will get together for a week. “After that, we have the annual International Meeting of Writers, an event launched in 1996, where topics selected for discussion often center on Leo Tolstoy and parallel events during a specific time period. Milorad Pavic, Mario Vargas Llosa, Tibor Fischer, James Morrow, and Alessandro Baricco are among our past attendees.”

Then there is the translators seminar, where translations of Tolstoy’s and other Russian writers’ works are discussed, workshops with famous Tolstoy translators organized, and newly published translations presented. Adds Tolstoy, “This year also marks the start of our collaboration with the Prosvetitel Prize—established in 2008 for nonfiction, specifically the humanities and the sciences—to organize lectures by Prosvetitel winners and shortlisted Yasnaya Polyana authors. It is going to be a very busy year indeed.” ■

Acknowledgments

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The race to meet reader preferences and industry realities

Shifting Retail Landscape

BY TERI TAN

Back in 1990, there were nearly 8,500 bookshops in Russia. By 2009, however, the number had plunged to no more than 2,500, according to the Russian Book Union. Even Top Kniga, Russia's largest book chain, had shrunk from 700 to 450 stores, and is now teetering on the brink of bankruptcy yet again.

For founder and director Boris Kupriyanov of the indie bookstore Falanster, fresh from his trip to select 5,000 titles for Waterstones' Russian Bookshop at its flagship London Piccadilly store, the drop in bookstore numbers is worrying (Waterstones is now owned by the Russian billionaire Alexander Mamut, who has commissioned Kupriyanov to stock the Piccadilly shop). "During Soviet times," says Kupriyanov, "there were often five or six neighborhood bookshops in every district. The last time I checked, even Kiev and Belgrade had more bookshops than Moscow. And the situation in our small cities and countryside is now much worse. Often, cities with around 300,000 people would have one so-called 'bookshop' that offers only stationery items."

Rising book prices and major book publishers' monopolistic tendencies are



Nadezhda Mikhailova, managing director of Moscow House of Books

also worrying. In Russia, high markups on cover prices are standard retail practice, as is steep discounting. For instance, a retailer will add 50% to the cover price even after receiving a hefty discount, in the range of 40%–60%, from the publisher. Says Kupriyanov: "Falanster gets a 50% discount from many medium-size publishers, and we sell at cover price so that everybody can afford the books. Yet we can still make a

living out of it. We also stock books from various publishers, big and small, with each publisher accounting for only a small percentage of our selection, often not more than 6%. But big bookstores may take more than 25% of their stock from a major publisher. So, should the publisher decide to stop supplying, jack up its prices, or dump its books through other distribution channels, the bookstore would face problems."

Rent is another issue for anybody in the business. "It is impossible to get rent reduction or support from the government, unlike in France, Germany, Italy, or Denmark, where rent is heavily discounted in order to support the book retail trade and promote reading," says Kupriyanov. "We really need to change the status quo in order to get this industry moving forward."

For managing director Nadezhda Mikhailova of Moskovskii Dom Knigi (Moscow House of Books), advancing technology, specifically e-books, poses a great challenge. "This is unstoppable," she says. "But I do not see print disappearing totally because there are a lot of unresolved issues with e-books, the biggest being piracy. E-books may eventually reduce the number of print titles in the market, especially for fiction. But as a retailer, I can offer products such as teaching materials and children's books that are not easily replaced by e-books. I can also work on improving our service. Our goal is to create readers out of those who have never read a book—and there are many of them out there. Making reading interesting for children and adults alike should be the goal for all booksellers."

There is also a pressing need to change people's perception of a bookstore. Adds Mikhailova, "A bookstore is not just a retail outlet. It is a sociocultural center. A customer comes here not only to buy books but also to read, relax, and learn. At the same time, we need to make sure our staff is properly trained to help any customer. Informed assistance in book buying is especially important because



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The joint retailer "Noviy Knizhniy - Bookvoed" is the leader in sales turnover in Russia and Ukraine (200 million USD in 2011). The company develops the bookstores under the brands "Chitai Gorod" (68 bookstores), "Bookvoed" (53 bookstores) and "Noviy Knizhniy" (54 bookstores). The total number of titles submitted by the company is more than 150,000. Bookvoed is also working with office products, gifts, souvenirs, which occupy about 40% of a volume turnover. In Ukraine the network is represented by 37 shops ranging from 100 to 1,000sq.m.



"Bookvoed" is an innovative socially responsible network, whose mission is the cultural development of society and the satisfaction of its information, intellectual and emotional needs.

"Bookvoed" has an active policy of event marketing. In 2011 it was held over 1,300 meetings with authors, workshops, seminars, children's parties. Among the guests were Rudolf Schenker (leader and founder of the "Scorpions"), Terry Prachett, Mark Levy, Ya.L.Vishnevsky, Lama Ole Nydahl, Bernard Werber, Frederic Beigbeder, Alan Pease, Pierre Ducane, Orhan Pamuk, Joe Vitale, Charles Aznavour, and others.

10 major stores (over 1,000 square meters) are available 24 hours a day, 365 days a year.

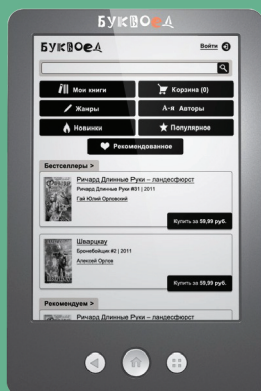
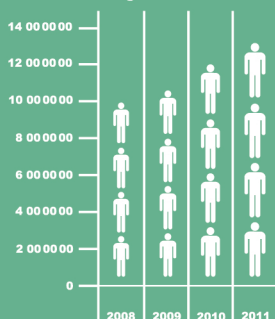
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In December 2011 "Bookvoed" began to sell an electronic device, e-book "I-ved" with an interactive interface for interaction with the client (wi-fi, touch screen, the opportunity to purchase electronic books from the device from the company website).

The main store of the company's is "The Park of Culture and Reading" on the Nevsky prospect, 46 (total sales area 3000 sq.m).

More than 1300 people work in the company e

The growth rate in three years of joint retailer



books are intellectual products.”

As for changes in the post-Soviet retail scene and in reading habits and purchasing preferences, Boris Esenkin, president of Biblio-Globus, says, “Popular language-learning titles used to be French, German, and English. Today, Chinese, Japanese, and Korean titles are the big sellers. It reflects the shift of global business to Asia.”

On the other hand, Esenkin notes, computing titles move much slower now due to the abundance of online resources: “Architecture, design, lifestyle, health, culinary, and travel books are in demand, as are children’s products such as preschool materials, English-language learning kits, games, and other educational offerings. Also, bestsellers today have interesting and fashionable titles and cover designs, and book signings at bookstores are deemed essential in creating buzz and demand. The impact of advertising, especially with movie tie-ins, is huge, showing the close connection between books and television/cinema. Editors and publishers are getting more savvy in designing and promoting their titles.”

Biblio-Globus

With its 55th anniversary coming up in August, Biblio-Globus carries on the tradition of bookselling as before, operating not just as a retail store but also as a book club that brings people of various interests, professions, and nationalities under one roof. Located near Lubyanka subway station in Moscow and in walking distance from Red Square, the store has several clubs (such as the Kids Club and the Philosophy Club) for members to exchange ideas and discuss books; stages for author/media presentations; reading areas; a cafe; and even a literary and music room. “In our latest reincarnation to suit the 21st century, we are an information and cultural center where one can meet interesting people, read books, and have coffee,” says Esenkin. The shop’s relaxed atmosphere and interesting mix of products have made it a Moscow must-visit by most travel guides.

Known as Knizhnyi Mir before it became Biblio-Globus in 1992 (both meaning “book world”), the store boasts the largest number of publications sold in a retail outlet in a day and is considered a superbrand in Russia. An average of 10,000 visitors throng its three floors daily to check out its stock of more than 250,000 titles.

In 2011, Biblio-Globus handled roughly 3% and 15% of the total retail volume in Russia and Moscow, respectively. So it is not surprising that it has received the Presidential Commendation for its contribution to the development of the Russian book trade. Beyond Russia, orders for Russian books can be made through its Web site (biblio-globus.ru).

“On average, we have 60 authors visiting our store per month, and on a sale day, when everything is 25% off, we can expect around 16,000 visitors,” adds Esenkin, whose team randomly selects a sale day and informs its 300,000 Biblio-Globus cardholders a day or two in advance by SMS. Last year, a franchise store was opened in Chelyabinsk in the Urals. The new outlet allows visitors to view real-time videos of author visits and presentations being held at the Moscow store.

Gripes about the publishing industry’s decline notwithstanding, Esenkin believes that “Russian readers are still there. They are just buying less, simply because of financial pressures and the undeniable lure of free and cheap downloads. For the latter, we need to educate everybody about piracy in order to arrest the problem.”

Bookvoed

St. Petersburg-based Bookvoed (“Alphabet Eater”) has been striving to help revive the reading habit. Last May, it joined hands with the Russian Book



Denis Kotov, general director of Bookvoed

Union in a campaign to raise awareness in the city. “We started by collecting signatures, 300,000 in total, to draw attention to the issue,” says general director Denis Kotov. “We organized flash mobs, presentations, and press conferences. Libraries and Moscow House of Books soon joined our effort, and it caught our government’s attention. Now, we have a nationwide program aimed at improving

literacy and promoting reading.”

The book chain is also involved in a citywide program, Successful Reading, and a national competition, Live Classics, to get children reading. Book clubs at 53 of its outlets (13 in the regions) held 1,300 events last year—a 9.2% increase over the previous year—that were attended by more than 50,000 people. “We also organized a poetry festival and supported several music events. Our list of nonprofit activities is long and varied.” Then there is ARTBookvoed, where participants pay to learn decoupage, batik printing, glass staining, and other forms of decoration and crafts.

Kotov is seeing increased interest in business, personal development, and spiritual titles. Fiction and children’s books remain as popular as ever. “Surviving in today’s economic conditions means being innovative and active online. The bankruptcy of Top Kniga in Russia and Borders in the U.S. serve as good case studies,” adds Kotov, who finds the collaboration among publishers to develop reading programs and find common technological solutions a very healthy sign for the Russian book industry.

Meanwhile, its I-VED e-reader, the first from a Russian book chain, seeks to combine the culture of reading with digital devices. “It is linked to our store Web site to provide the latest information on literary events. Now our customers



The Moscow House of Books:

- Established in 1998
- 40 bookstores in one city
- 210,000 titles from all genres
- 70,000 daily visitors
- More than 100 annual events to promote books and reading



Today, every outlet in the Moscow House of Books retail chain offers a wide selection of titles from various genres—fiction, academic, medical, technical, law, children's, reference, computer, economics, history, psychology, philosophy, culinary, design, encyclopedias and art albums—as well as calendars and stationery items. Each outlet also has access to a centralized database that enables customers to search for books quickly and effortlessly.

can purchase e-books or print titles directly, recommend them to friends and offer reviews all in one place.”

Kotov is also working on increasing efficiency by auditing his staff's performance: “The objective is to improve our service quality and raise staff awareness of our activities. We want customers to view us as book experts with reliable information.” With an ambitious goal of achieving 20% growth over the next 12 months, he is looking at expanding the store's nonbook products, further enhancing the I-VED interface, and creating a CRM system to automate core business processes and better service customer demands.

Falanster

Here is an indie bookshop that was just a heartbeat away from being shuttered by the government. There were charges of distributing pornographic material in 2007 and police raids a year later—which uncovered no wrongdoing. Not to mention the arson attack that burned down the store and most of its stock back in 2005. But Boris Kupriyanov (also director of the Moscow Open Book Festival since its 2009 launch) has continued to provide space for indie publishers and sell cheaper than anywhere else for the benefit of his store's loyal (read: cultish) readers.

Established in 2002, the Falanster minichain is known as a gathering spot for the city's intellectuals (and, some insist, radicals), offering a wide selection of art, culture, philosophy, politics, and other humanities titles. There is intellectual fiction aplenty, but no pulp fiction or travel guides. The store *PW* visited near Tverskaya train station is only 90 square meters (“like St. Mark's in New York in terms of size,” says Kupriyanov), but stocked with nearly 25,000 titles, all shelved spine out and mostly one copy per title. “Each of our three stores, in Moscow, selects its own titles based on customer interest and demand. We have very specific ideas on what we want to stock, and there is little space for mass market titles,” adds Kupriyanov, whose team works directly

with distributors and wholesalers (“big publishing companies give discounts only for a complete line of books,” he says).

Another Falanster store, Ciolkovsky, is much bigger, at 300 square meters, and is more relaxed in its book selection. “This mid-range store, located near Red Square, is an experiment, as there are very few bookstores of this size in Russia,” says Kupriyanov; most big city bookstores are multilevel emporiums. “It is new, but I am confident it will be a success in the near future.” The Falanster stores are definitely very successful, with daily sales exceeding 100,000 rubles (\$3,800) at each outlet. “Per-square-meter per day, we are making nearly as much as the big bookstores you find in Moscow—and that is gratifying.” Having a loyal customer base that visits the outlets nearly every day does help. So too is that almost 70% of walk-in visitors do not leave without buying a book. Evening events such as talks, lectures, poetry readings, and musical performances also help to pull in customers wanting something different and more stimulating than just rows and rows of books.

Moscow House of Books

With 40 bookstores scattered all over the capital, Moscow House of Books is Russia's largest retail chain located in one city. Some of its stores are specialty outlets, sporting names such as House of Foreign Books, House of Medical Books, and House of Technical Books.

Moscow House of Books' main store (in operation since 1967 as an independent company) stretches 100 meters along Novy Arbat Street. When the store was established in 1998 by the municipal government, managing director Nadezhda Mikhailova implemented various programs to reconstruct and renovate the premises, expand product selection to include stationery and audio-visual products, strengthen staff training, and introduce new transaction and stock-tracking

software. Much was done to modernize it to meet European standards. Today, the Novy Arbat store is among the largest in the country with around 4,500 square meters of floor space and 210,000 titles. More than 70,000 people visit the chain every day.

Last year, sales through its Web site increased 5.3%. But the overall retail sales of 7,630,000 copies were down 8% from the previous year. That's a universal problem caused by the convergence of several factors: a depressed economy (“when people would rather save money for essential goods than buy books”), the rise of e-books and rampant piracy on the Web (“where downloads are usually free and legality often ignored”), and the lack of interest in reading (“because of the vast number of resources available other than books”).

As for what sells, Mikhailova finds that educational materials and children's books are doing well. Last year, sales of these two categories at the chain went up 8.5% and 6% respectively. Parents, it seems, still insist on seeing the physical book before making any purchase. “The best technology still cannot replicate teaching materials and full-color children's books in e-book format.”

To promote reading and book buying, the chain's 2,000-strong team organizes more than 100 events annually. “We have book and stationery fairs, and theme-based events such as Russian Detective Stories Week and Russian Science Fiction Week. Our annual children's festival, Growing with the Book, for instance, has become so popular that it is a must-attend event every spring. We also have popular authors coming to our store regularly to conduct readings, autograph books, and take questions from visitors.” Recent months saw the book chain hosting Dina Rubina, Vladimir Posner, Leonid Parfenov, Eduard Uspensky, Janusz Leon Wisniewski, Victor Erofeev, Cornelia Funke, and Neil Gaiman. Immediate plans are to improve warehousing and inventory processes, besides developing new forms of collaboration with publishers and wholesalers. ■

Battling e-piracy while ramping up offerings and services

Growing the Digital Side of the Business

BY TERI TAN

Amazon.com is the model that most online bookstore entrepreneurs want to adopt (and, hopefully, replicate its success as well). But tweaking it to fit the Russian book industry—that is easier said than done.

Here, credit card culture is widespread in big cities like Moscow and St. Petersburg, but out in the regions it is as common as spotting a Siberian tiger. Deep distrust of credit cards permeates a society that is used to counting out rubles for every transaction. The same goes for buying goods over the Internet. To top it off, many Russians still do not have Internet access or the habit of shopping online.

But the collapse of the Soviet-era book distribution system and dipping numbers for bricks-and-mortar outlets offer big opportunities for online entrepreneurs in different parts of the country. And they are quick to grab a slice of the pie. (Even traditional bookshops are jumping on the bandwagon by establishing online storefronts.) Instead of charging to credit cards, customers can use other payment methods, such as PayPal, postal order, direct wire transfer, “online wallet” services, coupons (sold

by telco shops), and, of course, cash on delivery. Books can be picked up personally, delivered through Russian Post or couriered overnight. For now, offering the latest releases, hard-to-find titles, and discount programs have proven effective in attracting new customers and maintaining loyalty.

Growth of online bookselling (print or e-book formats) may be in the double digits, but its sales account for less than 10% of Russia’s overall book transactions. E-piracy is the main culprit, and many e-retailers are up in arms about it. But different companies have their own ways of surmounting these challenges, as the following major digital players will tell you.

Books.ru

Revamping its Web site for the best online experience is an ongoing endeavor for Books.ru. Since its establishment in 1995, the storefront has been redesigned six times, the most recent in July. The company has certainly come a long way since its

early days as a publishing house specializing in professional computing/programming and educational titles. Its online store was initially set up to sell only its own titles, but strong demand from customers for other types of books and the appearance of Amazon.com (then just one year old), with its novel model, pointed Books.ru in a different direction. (The publishing business is now a separate division.)

“In the past 15 years, our focus has been on developing sophisticated software to help us reduce logistical costs and maximize efficiencies,” says CEO Alexander Galunoff, who has more than 100 staff on his online team. Headquartered in St. Petersburg (where it has a large warehouse), Books.ru added another warehouse, this time in Moscow, to expedite delivery to its customers. “We started selling e-books about three years ago, and it was also around this time that we began offering our services to small and medium-size publishers, which usually do not have access to the various distribution channels. Now we offer more than 3.5 million titles, nearly 60% of which are foreign, and half a million POD titles in Russian.”

Prompted by the popularity of social networking, Galunoff and his team added this function to their Web site last year. “For instance, using Facebook, our 750,000-plus registered users can now locate their friends or neighbors who bought titles from Books.ru, enabling them to exchange ideas about the books or get together to form a book club. This works very well for small towns.” The team also sends out nearly 500,000 weekly e-newsletters, “but such promotions no longer work as well because of privacy concerns.”

The piracy battle is fought differently at Books.ru, focusing on translation and digitization efforts in collaboration with selected publishers. “We started with O’Reilly on their programming titles—which, naturally, we know very well—and these are now available as downloadable files.” Piracy is nothing new to Russia, he adds. “About 10

Here Comes Pubmix.com

With Russia's online book market growing about 30% annually, more households having Internet access, and consumers becoming increasingly comfortable purchasing and paying online, it is logical to see print on-demand coming into play.

One dominant player is Pubmix.com, formerly known as *Kniga po trebovayniy* (or “books on demand” in Russian). Established five years ago, with rapid growth recorded in the past three, it serves around 400 companies (including publishers, universities, and literary agencies) and boasts 1.6 million titles in its database. Recently, CEO Yevgeniy Khata led a massive rebranding effort to ensure that “we have a name that is pronounceable by everybody and one that encompasses the integrated system and varied formats that we offer. Our goal is to help authors and copyright holders reach consumers in emerging markets in the fastest and most profitable manner possible, whether print or electronic.”

Over half of Pubmix's sales currently come from overseas. “The Russian POD and e-book markets are underpenetrated,” Khata says, “with under 1% of Russia's total book sales. That leaves much room for expansion. We printed and sold approximately 300,000 titles in Russia last year. But with a growth rate averaging around 15% per month, we are just starting.”

Besides its own Moscow-based printing and binding facility toward one-off production in hardcover or soft-bound, Pubmix has five partners in different geographic areas (St. Petersburg, Ekaterinburg, Rostov, Novosibirsk, and Khabarovsk). “Our respective platforms are fully integrated to minimize costs and maximize production efficiencies,” adds Khata, whose team also works with such companies as Amazon.com, Apple, Barnes & Noble, Buy.com, the Book Depository, Gardners, Alibris, Half.com, Ingram Content Group, Books-a-Million, and Indigo. “We are linked to POD providers such as BoD Libri, and finalizing negotiations with KNV, Publidisa, and Singular Digital. We also

have partners in Japan, Australia, and Singapore. All these have allowed us to reach different markets worldwide.”

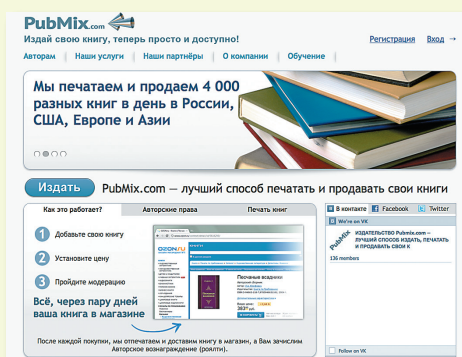
Pubmix started collaborating with Ingram about two years ago, but the integration process took a long time. “It was both educational and challenging as we had to drastically tweak our system, especially for content creation and management,” says Khata. “That done, we are now negotiating to integrate our production and distribution network in Russia with Ingram's Global Connect program. Given Russia's \$2.5 billion potential book market, we certainly hope to seal the deal soon.”

Self-publishing is one area that Khata believes will

grow within the next two years. “Pubmix will help to introduce and promote new writers, especially potential bestselling authors. Also, our new animated e-book service will enable customers to create affordable animated e-books—another segment with huge potential given the growing children's market in Russia.”

Turning to business challenges, he finds that persuading large multinational publishers to go into POD in emerging markets an uphill battle. “They are scared off by the many misconceptions about copyright protection, market size and overall opportunity here. Sometimes, they prefer not to take risks at all, or they are too busy with the traditional business to think about POD. I think it is even harder than persuading large Russian publishers to license their entire catalogue to us, something which I believe we will manage to do sooner than later.”

Piracy is another issue that Khata has to deal with. “We launched four legal proceedings in the past 12 months and settled out of court for two of them,” he says. “Copyright laws in Russia call for criminal injunctions if statutory damages of more than \$25,000 can be proven. Pirates are getting bold because multinational publishers would not put their precious resources into pursuing them in Russia, but Pubmix will.”



years ago, it was with software, and our strategy then was to emphasize that legal software was virus-free. It worked. We just have to figure out how to do it with books and convince people to toe the line.”

LitRes

The statistics from LitRes, the largest

digital content provider in town, are encouraging: 60,000 titles (in Russian), 250,000 reading apps, 750,000 registered users, 2.5 million unique visitors, and 5.5 million monthly hits. “Demand for e-books is growing, and sales of our e-book readers doubled last year. We find that iPad users are very loyal and most

willing to pay for e-books,” says general director Sergei Anuryev, who predicts that the Russian e-book market will grow 10 times over the next three years and contribute a sizable chunk to the country's overall book sales.

Meanwhile, the e-book piracy fight continues at LitRes. “We have initiated



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Sergei Anuryev, general director of LitRes

discussions with the Russian Book Union, and we are in the process of developing several anti-piracy initiatives. Last year, we managed to get some pirate sites to close—10 of them to be exact—and publishers have taken the cue from us and started to issue piracy clauses.” Some of the pirate sites pursued by Anuryev closed for good, while some others have gone straight. Koob.ru and epubbooks.ru, for instance, now refer visitors to LitRes.

But LitRes continues to have problems with sites such as flibusta.net and lib.rus.ec that pirate Russian as well as English titles. “The fight has only started. I have identified nearly 100 most popular sites as our primary targets. The Russian Book Union is working with the Russian State Duma to amend our civil law to cover piracy.” Anuryev is also working with Google to remove pirate links. Some 25,000 links have been taken down, and on average about 10,000 links to file folder sites such as rapidshare.com are deleted per month. “Such effort is made possible by the Digital Millennium Copyright Act, which has been rigorously enforced in the U.S.”

Now that its collaboration with MintRight is going well (“enabling us to sell Russian e-books all over the world”), LitRes has also started

working with the local Samsung office “as we are seeing significant e-book demand from smartphone users. We are now providing content to Samsung’s e-bookstore for its Galaxy and Galaxy Tab, and newer models as they come up.”

Apps development is another successful venture. “We started iOS and Android apps last year, and they now account for more than 10% of our sales. Going forward, we will develop apps for other platforms. They will be promoted on our Web site and on our e-reader, LitRes Touch.” The e-reader, launched in December, costs 6,499 rubles (\$215).

Ozon.ru

Print book sales at Ozon.ru, Russia’s answer to Amazon, grew 26% in 2011, says Alexey Kuzmenko, head of the books division: “We offer 750,000 titles online, 220,000 of which are in Russian. But 95% of sales come from Russian titles. Accordingly, we stock nearly 90% of these titles to make sure orders are processed within 24 hours. For foreign titles, we only stock bestsellers.” Ozon.ru also offers around 950,000 POD titles (fewer than 5% printed in Russia), while audio books represent only 2%–3% of its total sales. This year will see Kuzmenko and team expanding the range of foreign titles while improving the search



Maelle Gavet, CEO of Ozon.ru

engine for better customer service.

“There is now more competition in the online business, and we have spent the last two years looking at our pricing policy,” adds Kuzmenko. “Our prices are slightly higher than those of other online retailers, but we compensate by providing a better shopping experience and service. For instance, we now have more than 2,000 collection points across Russia. In big cities, we have several points near train stations or at our partners such as MultiPhoto. Aside from Russian Post, we have our own O-courier service” for delivery. His team offers a special bonus to frequent shoppers (“500 rubles off the next order”) or even small gifts to promote loyalty. Creating its own book prize, Runet Book Award, is another strategy, and the first ceremony in September saw winning titles like *The Hunger Games*, *Kindergarten Is Too Late*, and *Marilyn Monroe: Fragments, Poems, Intimate Notes, Letters* in different categories.

Encouraged by the online business boom, Ozon has launched its own digital division, headed by Michael Osin. “There are around 15,000 e-books, priced at 100 rubles each, in our store, and we have started working on PC- and Macintosh-based games while thinking about adding music and movies,” says Osin. “The focus, of course, is on selling e-books. So now Ozon offers the best of both worlds: the option to buy the physical book or download the file. With demand growing in the provinces due to better broadband connection and more people making online payment by credit card, we are confident of growth in both e-book and print book sales.”

Frenchwoman Maelle Gavet took over as CEO from Bernard Lukey when he moved to Ozon Holding as president. Gavet, formerly with Boston Consulting Group’s retail and consumer division, raised \$100 million last September and has recently added the shoe and accessories retailer Sapato (Russia’s Zappos) to Ozon’s growing group of companies. ■

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All-Russia coverage

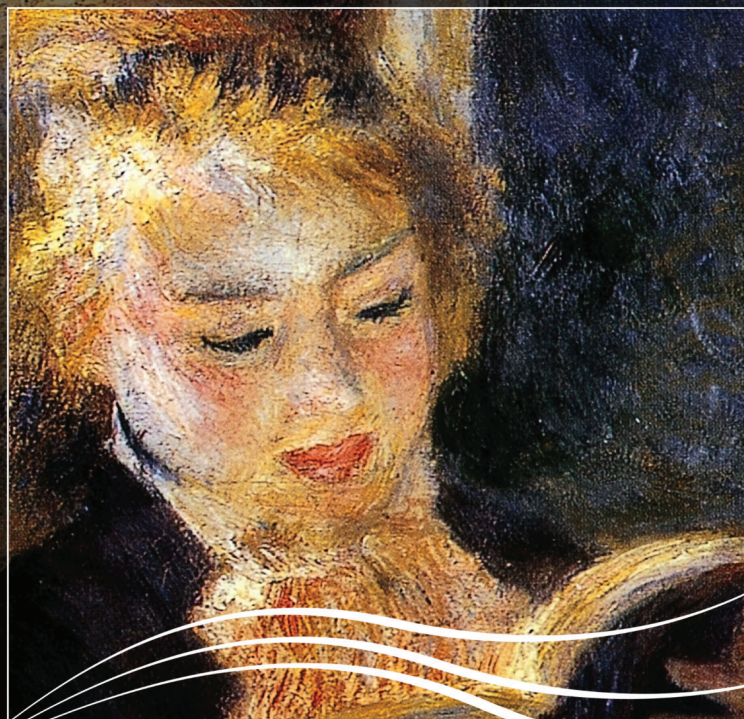
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