Northwestern University in Qatar was founded in 2008 by parent organization Northwestern University in Evanston, Illinois, in partnership with Qatar Foundation. NU-Q draws on Northwestern University’s distinguished schools of communication, journalism, and liberal arts to educate students for leadership positions in the rapidly evolving global media industry. As part of its active role in the development of a 21st century knowledge-based economy in Qatar, NU-Q engages in research, thought leadership, and service relevant to Qatar, the Middle East and the global community.

Doha Film Institute is an independent, not-for-profit cultural organisation. It supports the growth of the local film community through cultivating film appreciation, enhancing industry knowledge, and contributing to the development of sustainable creative industries in Qatar. The Institute’s platforms include funding and production of local, regional, and international films; skills-sharing and mentorship programmes; film screenings; the Ajyal Youth Film Festival; and Qumra. With culture, community, learning, and entertainment at its foundation, the Institute is committed to supporting Qatar’s 2030 vision for the development of a knowledge-based economy.
This report and related region-wide surveys of media use in the Middle East are available at mideastmedia.org.
Foreword

Media Industries in the Middle East is a cooperative effort of two organizations, Northwestern University in Qatar (NU-Q) and Doha Film Institute (DFI). It is with mutual respect and interest that our institutions entered into a project, our second major collaborative research initiative, that attempts to better understand the media and communication landscape in the Arab world. The first, a region-wide survey titled Media Use in the Middle East, provides insights into how people consume and feel about media. (The report for the newest edition of this survey will be released later in the spring of this year – see mideastmedia.org.) This study builds on these surveys of media use by examining the “other side of the coin” – media production and distribution.

DFI and NU-Q have different but complementary missions. One is a cultural institution with a mandate to nurture and promote a rising film industry for public benefit; the other is an academic institution concerned with learning and the advancement of knowledge in communication, journalism, and media. But both share a commitment to educating and supporting talented personnel for the media and communication industries. We agreed to join forces in developing this study to contribute again to Qatar’s cultural and economic trajectory, where modernity meets tradition.

We are ever grateful to our colleagues from Monitor Deloitte in Dubai, especially Emmanuel Durou, Gareth Pereira, and El Hassan Khalife. Not only did they do most of the data collection for this study, but they also inspired and engaged in discussions about which data to collect and how to report and interpret the findings. We are proud to have worked again with Column Five and its sister company Visage on the report’s website, charts, and print publication, all of which make our data accessible and useful for a wider audience. We thank each of our external commentators whose insights bring a richer understanding of the findings. And as always, this research would not have gone forward without the interest and support of members of the NU-Q community – students, faculty, and staff.

Given the paucity of studies of the scope reported here, it is our hope that this research will encourage more attention to the investigation of Arab media, and it is our own commitment to continue these studies beyond the data offered here. We feel privileged to engage with this research and make it widely available to students and scholars, policymakers, institutional leaders, media professionals, and interested readers everywhere.

Everette E. Dennis
Dean and CEO
Northwestern University in Qatar

Fatma Al Remaihi
CEO
Doha Film Institute
Acknowledgements

Monitor Deloitte conducted much of the fieldwork under the direction of NU-Q, and also contributed valuable insights during the analysis phase. Their team included Emmanuel Durou (Partner), Santino Saguta (Partner), Gareth Pereira (Director), El Hassan Khalife (Senior Consultant), Adil Parvez (Senior Consultant), Laura Jepson (Consultant), and Vardhan Kapoor (Consultant).

We would like to thank the individuals at the private and public sector organizations who shared insights and information reflected throughout this report.

Abou Farhat Law Offices
Abu Dhabi Media
Aflamnah
Askar.me
Al Akhbar Newspaper
Al Jazeera
Alfan Group
Anghami
ARN
CESAC
Deqoy Music
Dinar Standard
Disney
Diwan Videos
Done Events
Dubai Studio City
Empire International
Fondation Liban Cinema
Google
Gulf Films
Image Nation Abu Dhabi
Initiative
Intigral
Istikana
ITP Publishing
Jarnas Picture Production
Kasra.co
LBC
Leo Burnett
MAD Solutions
Mazzika
MBC
Moby Group
Nawaf Al Jannahi
News Arabia
Ogilvy Noor
Omnicom
Optimedia
OSN
Pop Arabia
Publiscreen
Qatar Foundation
Rdio
Reiner Erlings Productions
Shahid.net
Sharjah National Theatre
Starcom Mediavest
Sync Media
Telfaz11
Tim Hassall
UTurn
Virgin Megastores
VIVA
Wamda
Zawya
Zee Aflam
Zee Aflam
Introduction

For a university preparing its students for careers in communication and journalism, little is more important than understanding the institutions students will likely work for, or with, after graduation. Such intelligence has to chart the current state and probable future of the media and communication industries in the region where Northwestern University in Qatar (NU-Q) is at home. However, the utility and importance of such information stretches well beyond our university and its particular interests. It is valuable to industry professionals, academics, policymakers, and other interested readers. This report aims to provide them with systematic and comprehensive information about the dynamics of the media and communication industries in the Middle East and North Africa – the MENA region – and its key characteristics.

In 2013, NU-Q started its institutional research program on media and their audiences in the region, data previously either unknown or inaccessible to the public. Three large-scale surveys have already served to analyze annually how people use and think about media and other means of communication in the Middle East and North Africa (see Media Use in the Middle East at mideastmedia.org). The results of a fourth survey annually (but not total) migration of traditional media magazines, newspapers, and recorded music. With the medium as traditionally defined: television, film, radio, this report finally complements our surveys of the media landscape, we examine large and small countries from different regimes and degrees of media regulation. This report consists of sections for each individual medium as traditionally defined: television, film, radio, magazines, newspapers, and recorded music. With the ongoing (but not total) migration of traditional media to digital platforms, digital has a section of its own.

What has been missing, though, is what the media and communication supply looks like in the MENA region, as our survey respondents talked to us about. If people tell us they read newspapers, watch movies, use websites – what exactly are they using in their countries? And in which languages? How many magazines can they choose from? Which TV offerings are available to them? What are the channels and devices that people are able to use for receiving media content of all sorts? But also, who owns these communication platforms? How concentrated is the media industry? Where do the revenues come from? So far, questions like these have been answered sporadically and selectively. We reviewed available studies, some public and others proprietary, but found that no study provided the comprehensive portrait of the media and communication landscape we desired.

This report contains the collected, examined, and produced information on the fundamental characteristics of the media and communication industries, whenever possible, in the MENA region as a whole. It typically includes 14 countries from Mauritania on the Atlantic Ocean to Oman on the Arab Gulf. Five MENA countries have been selected for more detailed information: Egypt, Lebanon, Qatar, Saudi Arabia (KSA), and the United Arab Emirates (UAE). In probing the media landscape, we examine large and small countries from North Africa and the Gulf; some quite stable, some more turbulent; some media-rich and media-poor with different regimes and degrees of media regulation. This report finally complements our surveys of the media audience with a close and systematic look at the media content offering, its production, and distribution.

We found little comprehensive and reliable data on the state of the small but important book industry – a rich topic for focused research that we did not undertake here. Of course, the whole concept of media keeps changing. With the flurry of new social and digital media, in which anyone can be a communicator, there is less "mediation" than ever of what they can do, see, and create. But we decided that each section should focus on one medium with supporting data about how traditionally defined borders are dissolving. In those sections, we describe as comprehensively as possible:

- **The Production of Media:** Companies, institutions, economic forces, and competitive environment behind content creation in the region
- **The Content Offering:** A description of the media content available to consumers by number of outlets, genres, language, and sources (e.g., produced domestically, regionally, or internationally)
- **Distribution:** The methods, companies, and infrastructure used to connect content to audiences
- **Ownership and Origin of Media:** Government vs. private, international vs. domestic, etc.
- **Associated Revenues:** Including a new and unique estimate of advertising markets

Of special interest in the Arab world are “Ramadan media” channels, particularly the deluge of television programs produced for release during the Holy Month of Ramadan. This is why Ramadan TV has a section of its own in our report. Separate sections are also devoted to religious TV channels. Thanks to our collaboration with Doha Film Institute, we were able to access and analyze unique data about independent film in the region, which we present here for the first time.

We hope that this report presents a baseline for future research on media and communication in the region. As always, many questions are answered but others abound. Some findings pose hypotheses and only scratch the surface of concerns that deserve further exploration, which we hope will follow. Tracking the media and communication landscape in MENA is a systematic means of understanding the region that goes beyond extrapolating one piece of information or another and beyond guesswork and speculation. Moreover, what media and communication look like is a barometer for assessment with useful cues for charting change. Such intelligence is vital in an era of massive media disruption; an era in which the online world has challenged and surpassed what we now call legacy media.
Executive Summary

Our results point to shifts in the supply of regional media in the Middle East. If the region’s media landscape was once associated with limited offerings and stagnation, these findings beg to differ. Our report shows that the number of media channels has increased and content offerings have not only expanded but diversified—across all sectors including broadcast, digital media, and print. This content has come from a wider range of sources, including new local and international players not typically associated with the industry in the Middle East.

Previous research had suggested that regional audiences are hungry for more media content reflecting their own culture and generally open to media from other parts of the world. However, people have often been limited by the mass-market options available to them. The recent expansion of media offerings may be softening the disconnect between what audiences in the Middle East want and the content available to them.

Within this general impression, however, we find a number of clear differences between the media and communication platforms investigated here:

**Independent Film:** Our analysis of previously unreleased data compiled by the Doha Film Institute reveals a robust independent film scene in the Arab world, reflecting a far greater diversity than the relatively homogeneous mainstream cinema that has been the custom in the Middle East. In fact, independent films are twice as likely to have female directors and originate in a far wider range of countries than their mainstream cinema counterparts. Egypt is not only home to mainstream films, Egyptians are also the most common nationality overall among writers, directors, and producers of independent film. France plays a central role in independent Arab film—more than any other country outside the region. The most common nationality of writers and directors of higher budget independent films is Lebanese.

**Television:** Television remains a strong, growing, and increasingly dynamic industry in the Middle East. Today, more of the total advertising revenues in the region go to television than they did five years ago. The total number of channels has increased strongly. Pay TV and other on-demand services still constitute a small part of the industry compared to other parts of the world, but account for much of the recent growth. IPTV digital services provided by telecommunications companies have also become popular. Satellite remains the main method of transmission and reception. The relatively border-blind nature of satellite broadcasting, the limited number of locations creating high production-value content, and a common regional language create the conditions for a strongly Pan-Arab TV industry, especially when it comes to advertising. The leading channels in the region have increased the number of non-scripted programs such as reality and talent shows. Compared to only a few years ago, more of these non-scripted shows come from Arab countries.

**Digital:** Compared to the total population of Arabic speakers, there is a disproportionately low number of Arabic language websites. At the same time, Arabic claims a disproportionately high number of the world’s top 100 media Facebook pages, Twitter accounts, and YouTube channels. Broadband mobile use in the wealthy Gulf nations is as high as in other developed markets, and over-the-top (OTT) services are a growth area. Telecommunications networks are increasing their premium online offerings, and major international digitally native services such as Netflix and Spotify are expanding into the region. Digital advertising is fast growing but still remains a small portion of advertising revenues, compared to many other parts of the world.

**Newspapers:** Newspapers (printed general and business dailies) have not lost as much of their circulation as in the West. They have, however, experienced a decline of advertising revenues overall and as a share of the total ad spend by more than a fifth since 2010—without the exception of two of our focus countries: Qatar and Lebanon. But newspapers still account for a substantial share of overall ad spend in their respective countries because, compared to electronic and digital platforms, they can be used to narrowly target just one country.

**Radio:** In all five of our focus countries, the number of radio stations has grown considerably since 2010, but attempts to expand cross-border broadcasting have been met by regulatory obstacles, especially in Qatar and Saudi Arabia. Many channels are now responding to these regulations by delivering content across the region via their online platforms. The UAE seems to be the radio country among our focus countries: It has by far the most radio stations and broadcasts in more languages than any other country, with a weekly radio reach of four-fifths of its population. The radio ad revenues of the UAE and the KSA combined account for almost half of the MENA market as a whole. Radio’s share of ad spend is considerably lower in MENA than elsewhere. But, compared to other regions of the world, where radio’s percentage of ad revenues has decreased somewhat since 2010, it has remained relatively stable or even increased slightly in the MENA countries.

**Digital Advertising:** In the MENA region—both in terms of the number of titles and their circulation—a comparatively greater increase, however, can be stated for Business & Trade magazines—first in their most popular genre, Finance, but also on a lower level in the Health & Medicine and Construction & Engineering categories. Where and how else in the world, the share of advertising revenues for magazines has recently decreased somewhat in the Middle East. But still, almost 90 percent of the revenue of MENA magazines comes from ads, compared to only about a third in the U.S., for instance.
Executive Summary

Music: In MENA, live music contributes to the major share of industry revenues and is significantly more important than in other world regions, due in part to the pervasiveness of illegal downloads and piracy. Also, performance rights revenues, which constitute a significant share of revenues for record companies, are virtually non-existent. This is why large international record labels have difficulty justifying investments in local talent. Given these constraints, live performances in the Middle East constitute an even larger share of total music revenues than in many other regions of the world. But even there, the region seems to have a significant disadvantage. Worldwide, nearly a quarter of live music revenues come from event sponsorships, whereas in the Middle East this figure is estimated to be below 10 percent.

Advertising: In 2015, the size of the advertising market in the MENA region was approximately USD 5.5 billion – an estimate that NU-Q calculated from different sources and introduces in this report for the first time. Television and newspapers are the most important advertising platforms. In fact, television – albeit on a very low level – and online advertising have grown. Newspapers have lost but remain the most important platform for national advertising, often paid for by governments and other non-commercial organizations. Pan-Arab advertising has increased significantly in the last five years. Most advertising agencies are located in Egypt and the UAE. But only a relatively small portion of advertising in MENA countries is administered by companies headquartered inside the region. More modern ways of marketing, such as branded content, mobile, and native advertising as well as programmatic buying of ads in the electronic media, are still in their infancy.

Ramadan TV: During Ramadan, Arabic TV channels are more popular than at other times of the year. At five major stations in our MENA focus countries, almost half of the programming consists of scripted material – that is about three times more than other months. In particular, the number of Arabic series, often produced in Lebanon and the KSA, grows on free-to-air (FTA) TV from almost zero to about 30 percent. Among the non-scripted programs, those with a religious theme become more important. During Ramadan, advertisers concentrate their commercials on specific prime time slots – e.g., after the typical iftar meal in the evening.

Religious TV: The number of religious FTA television channels grew by 50 percent between 2011 and 2014, keeping pace with the increase in FTA channels overall. While the majority of religious channels in the region are Sunni-affiliated, much of the growth in recent years has been in Shia and Christian channels. Similarly, Arabic remains the primary language of religious television, but the number of non-Arabic religious channels more than tripled from 2011 to 2014.

These and other findings are presented in greater detail on the pages that follow. In addition, readers can examine the data more flexibly by visiting mideastmedia.org.
Overview

Like many traditional media platforms in the region, mainstream cinema tends to target a wide range of audiences. But unlike other traditional media covered in this study, content from outside the region claims the majority of cinema revenues. Of the relatively small proportion of Arabic titles screened in regional cinemas, Egyptian films predominate, as they have for decades.

While Egyptian films hold region-wide appeal, the national markets within the region have distinct preferences and behaviors. A look at the three largest cinema markets by number of screens – the UAE, Egypt, and Lebanon, which together constitute more than half of the cinemas in the region – indicates distinctive preferences and consumer patterns. For instance, in the UAE, non-Arabic language films seem to be more profitable, making almost three times more at the box office than films in Arabic. This may be credited, in part, to the large proportion of non-Arabic speaking expats that reside in the country. In Egypt, it is the other way around, with Arabic films making four times as much box office revenue than non-Arabic titles – probably due to restrictive policies on foreign films, such as high taxes and quotas on the number of foreign films allowed into the country.

In both Egypt and Lebanon, domestically produced films generate the majority of box office revenues.

In this chapter:
• Overview
• Cinema Revenues
• Arabic Films vs. Non-Arabic Films
• Production
• Expert Commentary:
  “Hollywood of the Orient Facing the Challenge of Globalization”
  By Noha Mellor

Average Box Office Revenue per Title: Non-Arabic vs. Arabic Films (USD thousands), 2015

<table>
<thead>
<tr>
<th>Country</th>
<th>Non-Arab</th>
<th>Arabic</th>
</tr>
</thead>
<tbody>
<tr>
<td>UAE</td>
<td>467</td>
<td>173</td>
</tr>
<tr>
<td>Egypt</td>
<td>521</td>
<td>154</td>
</tr>
<tr>
<td>Lebanon</td>
<td>145</td>
<td>116</td>
</tr>
</tbody>
</table>

Sources: Box office Maps, Etkinlama.com
Mainstream Cinema: Cinema Revenues

Cinema Revenues

UAE, Egypt, and Lebanon have the highest number of cinema screens in the region. Together, they account for more than half of all screens in MENA. Due in part to Egypt's relatively dispersed and large population of 83 million people, its screen-to-inhabitants ratio is one of the lowest in the region. Lebanon has one of the highest screen-per-capita ratios in the region due in part to its population density and consumer spending power. Ownership of cinema screens in MENA is highly concentrated, with the top three cinema operators in the UAE, Qatar, and Lebanon controlling 70 to 90 percent of the screens in their respective countries. In Egypt, however, the top three cinema operators hold only a 17-percent share of total screens.

The number of titles screened and box office revenues in the UAE have grown steadily since 2012, while it has remained relatively even in Lebanon. Revenues in Egypt experienced a sharp drop during the politically volatile period around 2013, but have bounced back since. Box office sales seem to have resisted the trend toward more people watching films on television or digital screen than in the cinema. A 2014 media-use survey conducted by Northwestern University in Qatar (NU-Q) in partnership with Doha Film Institute (DFI) shows that, on average, 45 percent of respondents watch films in the cinema, but 75 percent on TV or online. One example of cinema's resilience in the face of alternative viewing methods: 82 percent of respondents in the digitally advanced UAE said they watch movies in the theater, much more than in Egypt (28 percent) and Lebanon (46 percent).

The popularity of cinema in the UAE is also reflected in the UAE's total box office revenues, which are four to six times higher than in Egypt and Lebanon. In addition to screening far more films than Egypt and Lebanon overall, cinemas in the UAE earn more per title. On average, films screened there in 2015 made USD 444,000 per film, whereas films screened in Egypt and Lebanon only made USD 170,000 and USD 150,000 per film, respectively.

Pre-screening advertising revenues, like box office sales, are rising in the UAE and stagnant in Lebanon. Pre-roll advertisements generate about two times as much revenue in the UAE as they do in Lebanon, but on a per-screen basis, Lebanese cinemas earn twice as much as those in the UAE.
Mainstream Cinema: Cinema Revenues

Box Office Revenues per Screen (USD thousands), 2015

<table>
<thead>
<tr>
<th></th>
<th>UAE</th>
<th>Egypt</th>
<th>Lebanon</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>260</td>
<td>148</td>
<td>505</td>
</tr>
</tbody>
</table>


Cinema Pre-Screening Advertisement Revenue (USD millions)

<table>
<thead>
<tr>
<th></th>
<th>UAE</th>
<th>Lebanon</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>6</td>
<td>11</td>
</tr>
<tr>
<td>2011</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>2012</td>
<td>13</td>
<td>12</td>
</tr>
<tr>
<td>2013</td>
<td>16</td>
<td>12</td>
</tr>
<tr>
<td>2014</td>
<td>18</td>
<td>11</td>
</tr>
<tr>
<td>2015</td>
<td>22</td>
<td>11</td>
</tr>
</tbody>
</table>


Cinema Pre-Screening Advertisement Revenues per Screen, 2014

<table>
<thead>
<tr>
<th></th>
<th>UAE</th>
<th>Lebanon</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USD 48,018</td>
<td>USD 93,210</td>
</tr>
</tbody>
</table>


Arabic Films vs. Non-Arabic Films

Among the three largest cinema markets in the region – UAE, Egypt, and Lebanon – only Arabic films in Egypt earn as much as non-Arabic films. Elsewhere, Arabic films bring in only a fraction of box office sales. But in all three countries, Arabic films represent only a small portion of film titles screened.

However, if we take into account the number of films screened, revenues of Arabic films versus non-Arabic films vary dramatically between countries. So, for instance, in Egypt, the 21 Arabic films screened in theaters in 2015 generated the same amount as the 238 non-Arabic films shown that same year. The opposite seems to be true in the UAE, where non-Arabic films were more profitable than Arabic films. In Lebanon, both Arabic and non-Arabic films accounted for a similar amount of box office revenues per title.

These differences may sometimes be attributed to external factors (e.g., quotas placed on foreign films in Egypt), but are also tied to viewer preferences and constraints. For example, NU-Q’s 2014 media-use survey shows that only 4 percent of respondents in Egypt watched films in English, as opposed to 80 percent of respondents in the UAE.

In terms of genres, comedy, drama, and horror seem to dominate in all three markets and among both Arabic and non-Arabic titles. These top three genres make up an even larger piece of the pie in Arabic titles.
Mainstream Cinema: Arabic Films vs. Non-Arabic Films

Arabic and Non-Arabic films claimed equal box office revenues in Egypt, where there are restrictive quotas on foreign films

Box Office Revenues: National Totals by Language (USD millions), 2015

<table>
<thead>
<tr>
<th>Language</th>
<th>Total Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arabic</td>
<td>116</td>
</tr>
<tr>
<td>Non-Arabic</td>
<td>145</td>
</tr>
</tbody>
</table>

Total Revenues 189

<table>
<thead>
<tr>
<th>Country</th>
<th>Total Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>UAE</td>
<td>64</td>
</tr>
<tr>
<td>Egypt</td>
<td>28</td>
</tr>
<tr>
<td>Lebanon</td>
<td>21</td>
</tr>
</tbody>
</table>

Note: Films that were classified under more than one genre are double counted.

Box Office Revenue by Top Genres, Arabic and Non-Arabic Films, 2014

<table>
<thead>
<tr>
<th>Genre</th>
<th>Non-Arabic</th>
<th>Arabic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comedy</td>
<td>25%</td>
<td>16%</td>
</tr>
<tr>
<td>Action</td>
<td>40%</td>
<td>26%</td>
</tr>
<tr>
<td>Drama</td>
<td>26%</td>
<td>17%</td>
</tr>
<tr>
<td>Adventure</td>
<td>15%</td>
<td>13%</td>
</tr>
<tr>
<td>Thriller</td>
<td>2%</td>
<td>5%</td>
</tr>
<tr>
<td>Crime</td>
<td>7%</td>
<td>5%</td>
</tr>
<tr>
<td>Sci-Fi</td>
<td>1%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Note: Films that have been classified under more than one genre are double counted.
Mainstream Cinema: Arabic Films vs. Non-Arabic Films

As with other media platforms across the region, the production of mainstream film is concentrated on a small number of countries. Although the UAE has outpaced Egypt in terms of mainstream film distribution in cinemas, Egypt still remains the top country for the production of mainstream film. Almost 80 percent of all films screened in the UAE, Lebanon, and Egypt – three of the biggest markets – are produced in Egypt. These films made close to 90 percent of total box office revenues in the three countries.

**Share of Total Box Office Revenues Earned by Top 3 Grossing Films, Arabic and Non-Arabic Films, 2015**

<table>
<thead>
<tr>
<th>Country</th>
<th>Total Revenues</th>
<th>Arabic</th>
<th>Non-Arabic</th>
</tr>
</thead>
<tbody>
<tr>
<td>UAE</td>
<td>USD 57.7 mn</td>
<td>57%</td>
<td>14%</td>
</tr>
<tr>
<td>Egypt</td>
<td>USD 21.9 mn</td>
<td>39%</td>
<td>16%</td>
</tr>
<tr>
<td>Lebanon</td>
<td>USD 27.7 mn</td>
<td>58%</td>
<td>14%</td>
</tr>
</tbody>
</table>

**Production**

Film offerings in Egyptian theaters are far less diverse compared to the UAE and Lebanon, in terms of languages available and the countries from which those films originate. Almost all (99 percent) films screened in Egypt were also produced in Egypt and are very rarely co-produced with another country. A wider range of films is shown in Lebanese theaters, although Lebanese and Egyptian films combined still account for 90 percent of all films screened in Lebanon. In both Egypt and Lebanon, domestically produced films generate the majority of box office revenues. This is not the case in the UAE, however, where Emirati films make up only 3 percent of total box office revenues in the country.
Mainstream Cinema: Production

Expert Commentary

Hollywood of the Orient Facing the Challenge of Globalization

The Egyptian cinema, historically dubbed “Hollywood of the Orient,” has faced difficult financial hurdles since the withdrawal of state subsidies in the 1970s. The industry had its peak during the 1930s and 1940s at the hands of Egyptian entrepreneurs who invested in building several studios and helped to make hundreds of films. The current decline in the local market and the political turmoil in the region since 2011 are some of the reasons for the falling production of around 25 films a year; film producers generally feel reluctant to embark on new output due to rising film piracy and the inability of the state machinery to protect intellectual property. The industry is dominated by a few companies, of which the largest are Albatros, owned by the businessman, Kamel Abou Ali, and Al Arabiya, owned by the veteran actress, Isaad Younes. The majority of box office revenue is from Arabic films – or more than USD 26 million in 2014 – and about 40 percent of the films are low-budget comedies, which attract a large slice of the viewing audience.

The number of film theaters has increased, despite the sharp decline in local film production, particularly with the rise of hyper-malls with air-conditioned cinemas; but distributors, who are often screen owners, tend to resort to American film imports to boost their earnings. For them, the increase in imported films may save many jobs in the existing 295 film theaters struggling to find enough Arabic films to screen. Egypt has a higher number of film theaters compared to other Arab states, although the quantity per capita is only four per one million inhabitants, compared to 40 in the UAE. Furthermore, the Egyptian state requires film financiers to fund one Arabic film for every two foreign films they import, in addition to imposing a high sales tax on them. The state protects its import monopoly by limiting the quota to 300 foreign films a year and 10 copies of each foreign film. The importation of additional copies means a reduction of unit price and, therefore, an increase in the profit margin for film distributors; they are now demanding an increase to 30 copies per foreign film.

The competition of satellite film channels, together with the DVD industry, has contributed to squeezing profit margins in the film industry. The television industry also benefits from the flow of American output, with many stations importing American films and series to fill the empty programing slots, especially with the popularity of syndicated programs such as “Who Wants to Be a Millionaire.” Commentators fear what they call an “American cultural incursion,” however, as more and more Egyptian youth adopt a seemingly “Western” lifestyle. The concern regarding local culture erosion has been exacerbated by the spread of consumerism and multinational corporations such as Coca-Cola and McDonald’s. Globalization for these commentators has become another name for Americanization.

By Noha Mellor
Professor of Media and Deputy Director of the Research Institute for Media, Arts and Performance, University of Bedfordshire
Overview

In the MENA region, Hollywood and “popular” Egyptian independent films dominate box office sales. This could be mistakenly interpreted as a sign of a limited and homogeneous filmmaking environment in the Arab world. But, on the contrary, a diverse field of filmmakers produce films reflecting the wide range of nationalities, socially relevant subject matters, and perspectives present across the region. This chapter draws on previously unreleased data compiled by Doha Film Institute over the past five years, providing a unique view into independent filmmaking in the Arab world.

While independent films are typically underrepresented or excluded from the offerings in mainstream cinemas, taken as a whole they more closely represent the demographics and cultures of the region. Survey research undertaken in another collaborative effort between NU-Q and DFI (see www.mideastmedia.org/2014) suggests audiences are open to content from other parts of the world and hungry for more content that represents their own culture. Independent Arab films and filmmakers are poised to benefit from the rapidly increasing number of channels, content services, and Internet bandwidth that are breaking down the disconnect between what audiences want and what audiences can access.

For the purposes of this chapter, independent films can be considered films that are funded and produced outside a studio system so far dominated by Egypt. More creative and overall control of the film tends to remain with the authors of the work.

While there is some overlap between mainstream cinema and independent film in the region, the two categories are distinct. Independent filmmakers and their films tend to be more varied and cosmopolitan. Production countries are more evenly spread across the region and are far more likely to be multi-national efforts. Nearly 30 percent of independent films name more than one country of production. Independent films are twice as likely to be directed by a woman. In fact, 26 percent of independent film directors are female, much more than of studio films in the Middle East or the West.
Media Industries in the Middle East, 2016
Independent Film: Overview
mideastmedia.org

Doha Film Institute began accepting applications for film grants in 2011, and by 2012 had become one of the region’s major granting organizations in terms of total grants awarded. As one of the only granting organizations in the region that accepts applications and awards films from outside its own national borders, DFI quickly became known to filmmakers around the region and the world seeking to fund their projects independently. With so few organizations in the region to turn to, many filmmakers apply to all grants. Thus, DFI has received thousands of applications, including the majority of independent films that have been made in the region in recent years. All of the applications were recorded in an extensive master database. The films considered in this report are drawn from applications submitted from 2011 through the end of 2015.

The dataset contains extremely detailed information. Taken together, it describes the contours of independent filmmaking in the region – including types of films, countries, budgeting patterns, gender and nationality of writers, directors, and producers, genres and topics, and where the most multi-national filmmaking is taking place.

From the thousands of projects contained in the database, we attempted to distill a well-defined sample representative of independent filmmaking in the region. For that purpose, only the films and the associated writers, directors, and producers who met the following criteria were considered:

- Feature narrative films; no documentaries, shorts, or other film types

**NOTES FOR THIS CHAPTER**

Doha Film Institute began accepting applications for film grants in 2011, and by 2012 had become one of the region’s major granting organizations in terms of total grants awarded. As one of the only granting organizations in the region that accepts applications and awards films from outside its own national borders, DFI quickly became known to filmmakers around the region and the world seeking to fund their projects independently. With so few organizations in the region to turn to, many filmmakers apply to all grants. Thus, DFI has received thousands of applications, including the majority of independent films that have been made in the region in recent years. All of the applications were recorded in an extensive master database. The films considered in this report are drawn from applications submitted from 2011 through the end of 2015.

The dataset contains extremely detailed information. Taken together, it describes the contours of independent filmmaking in the region – including types of films, countries, budgeting patterns, gender and nationality of writers, directors, and producers, genres and topics, and where the most multi-national filmmaking is taking place.

From the thousands of projects contained in the database, we attempted to distill a well-defined sample representative of independent filmmaking in the region. For that purpose, only the films and the associated writers, directors, and producers who met the following criteria were considered:

- Feature narrative films; no documentaries, shorts, or other film types

**NOTES FOR THIS CHAPTER**
• Arabic was one of the film’s primary languages.

• Seeking funding for the production or post-production stages. Films applying for development funds (the stage before pre-production) are, by definition, not as clearly or fully planned, and have a far lower chance of being completed.

Finally, we eliminated any budget outliers from our sample – i.e., any film with a stated total budget less than USD 1,000 or more than USD 5,000,000.

These criteria excluded many films worthy of consideration in other studies. However, for our purposes it produced a meaningful sample of serious film proposals with a high likelihood of completion, whether or not they were awarded funds by Doha Film Institute. The final sample consisted of 262 films, with 512 unique filmmakers including writers, directors, and producers.

Because the data used for this chapter were collected and recorded by a single entity, it is critical that when viewing the results one bears in mind the method and context from which they came, including:

• Representativeness of Sample: Those familiar with the data, applications, and Arab film in general estimate that the sample includes approximately 70 percent of all independent Arab films that meet the above criteria and have entered production or been completed since 2012. In the remaining 30 percent of applications, no significant deviations from our sample have been detected, but there were two less severe ones than one might expect: 1) an over-representation of films associated with or claiming association with Qatar, due to the fact that the data are based on applications to a funding body based in Qatar. Though this may have the effect of exaggerating Qatar’s role as a leading country of production in the region, it is also true that Doha Film Institute grants an average of 43 films per year – more than any other regional granting body that accepts applications from across the Arab world; 2) a possible under-representation of films that would name the UAE as a country of production, given the sometimes competitive climate between the neighboring countries.

• Self-Reported Data: Unlike most information used to describe a film market, the data for this chapter are self-reported by the filmmakers themselves. All applications are submitted by one producer or director of the project. Therefore the figures contained in this section do not reflect measures and characteristics typically used after a film’s release – they describe the film as viewed by (one of) its creators either before or during production.

Among high-budget films, France is the most commonly cited country of production as well as the most common nationality of producers. However, these high-budget films are rarely written or directed by French nationals – Lebanon is the most common nationality of both writers and directors of high-budget films. Among films with total budgets in the lowest 25 percent, Egyptians are the most common nationality of writers, directors, and producers.
### Independent Film: Budgets

#### Average Budget Allocation: Development, Production, and Post-Production (USD)

<table>
<thead>
<tr>
<th>Quartile</th>
<th>Development</th>
<th>Production</th>
<th>Post-Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Quartile</td>
<td>1,669,000</td>
<td>132,000</td>
<td>257,000</td>
</tr>
<tr>
<td>3rd Quartile</td>
<td>945,000</td>
<td>680,000</td>
<td>175,000</td>
</tr>
<tr>
<td>2nd Quartile</td>
<td>613,000</td>
<td>443,000</td>
<td>116,000</td>
</tr>
<tr>
<td>Bottom Quartile</td>
<td>241,000</td>
<td>92,000</td>
<td>59,000</td>
</tr>
</tbody>
</table>

Note: See chapter notes for method details. Source: Doha Film Institute

#### Most Common Production Countries in Each Budget Quartile (USD)

- **Top Quartile (Over $1,200,000)**: France, Lebanon, Qatar, Morocco, Tunisia
- **3rd Quartile ($846,000 - $1,200,000)**: France, Lebanon, Qatar, Morocco, Tunisia
- **2nd Quartile ($414,000 - $846,000)**: France, Lebanon, Qatar, Morocco, Tunisia
- **Bottom Quartile (Under $414,000)**: France, Lebanon, Qatar, Morocco, Tunisia

Note: See chapter notes for method details. Source: Doha Film Institute

#### Budget Range of Films from Each Country

- **Egypt**: 40% Under $413,875, 46% $413,875 - $486,794, 29% $486,794 - $1,200,002, 21% Over $1,200,002
- **France**: 4% Under $413,875, 17% $413,875 - $486,794, 29% $486,794 - $1,200,002, 46% Over $1,200,002
- **Lebanon**: 27% Under $413,875, 15% $413,875 - $486,794, 25% $486,794 - $1,200,002, 33% Over $1,200,002
- **Qatar**: 11% Under $413,875, 22% $413,875 - $486,794, 38% $486,794 - $1,200,002, 25% Over $1,200,002
- **Morocco**: 15% Under $413,875, 30% $413,875 - $486,794, 29% $486,794 - $1,200,002, 27% Over $1,200,002
- **Tunisia**: 10% Under $413,875, 31% $413,875 - $486,794, 31% $486,794 - $1,200,002, 26% Over $1,200,002

Note: % of films listing each country as one of the countries of production. Films listing more than one country of production are double counted. See chapter notes for method details. Source: Doha Film Institute

#### Most Common Nationalities of Writers, Directors, and Producers of Top Quartile-Budget Films

<table>
<thead>
<tr>
<th>Role</th>
<th>Writers: % who are...</th>
<th>Directors: % who are...</th>
<th>Producers: % who are...</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Lebanese</td>
<td>Moroccan</td>
<td>French</td>
</tr>
<tr>
<td>Lebanon</td>
<td>21%</td>
<td>27%</td>
<td>25%</td>
</tr>
<tr>
<td>Algerian</td>
<td>13%</td>
<td>15%</td>
<td>16%</td>
</tr>
<tr>
<td>Tunisian</td>
<td>17%</td>
<td>15%</td>
<td>12%</td>
</tr>
<tr>
<td>Moroccan</td>
<td>15%</td>
<td>15%</td>
<td>12%</td>
</tr>
<tr>
<td>Egyptian</td>
<td>7%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Palestinian</td>
<td>4%</td>
<td>6%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Note: See chapter notes for method details. Source: Doha Film Institute
### Independent Film: Budgets

#### Countries of Production

This section looks at the countries of production as identified by filmmakers who applied for funding. This can include shooting locations or, in some cases, association with production companies based in that country. Since a funding body is often considered to be one of a film’s producers, countries with highly active funding bodies may tend to rank higher in the list of most common countries of production. Two cases of this are France, which is a non-Arab country most engaged in Arab film, and Qatar, home to Doha Film Institute, which is now one of the more prolific film-granting institutions in the region. Because figures are based on funding applications to Doha Film Institute, it is possible that the UAE is under-represented as a country of independent film production. See the notes in this chapter’s Overview section for more detail.

#### Genres by Country: % of films in the following genres/topics that are produced in...

<table>
<thead>
<tr>
<th>Genre/Topic</th>
<th>Egypt</th>
<th>Lebanon</th>
<th>France</th>
<th>Qatar</th>
<th>Morocco</th>
<th>Jordan</th>
<th>Palestine</th>
<th>Tunisia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drama</td>
<td>22%</td>
<td>21%</td>
<td>21%</td>
<td>18%</td>
<td>20%</td>
<td>11%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Issues</td>
<td>23%</td>
<td>19%</td>
<td>13%</td>
<td>20%</td>
<td>9%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comedy</td>
<td>16%</td>
<td>16%</td>
<td>14%</td>
<td>16%</td>
<td>16%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td>13%</td>
<td>24%</td>
<td>24%</td>
<td>13%</td>
<td>13%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Identity</td>
<td>26%</td>
<td>34%</td>
<td>30%</td>
<td>11%</td>
<td>11%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Politics</td>
<td>21%</td>
<td>12%</td>
<td>15%</td>
<td>10%</td>
<td>12%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes: Top 5 countries of production for each genre. Genres/topics reported by grant applicants (director or producer of film). Multiple genres/topics were entered and counted for each film. See chapter notes for method details. Source: Doha Film Institute.

is now one of the more prolific film-granting institutions in the region. Because figures are based on funding applications to Doha Film Institute, it is possible that the UAE is under-represented as a country of independent film production. See the notes in this chapter’s Overview section for more detail.

Compared to mainstream cinema films, independent films are approximately four times more likely to have more than one country of production. This tendency toward multinational production and a cosmopolitan background of independent filmmakers could contribute to the need of fundraising, as more than a quarter of directors are expats – those living in a country other than that of their nationality. Organizations in Qatar and France fund films that are often shot in countries other than their own – one reason why they top the list of countries engaged in multi-national productions.

The most common genres or topics of independent film are produced in a relatively even spread of countries. In independent film, Egypt is named as a country of production in only 16 percent of comedies despite the ubiquity of Egyptian comedies in mainstream cinema. Films about identity, one of the most common topics in independent film, are more likely to name France than any other country of production.
Independent Film: Countries of Production

Countries of Production: % of films whose countries of production include...

- Egypt: 20%
- Lebanon: 20%
- France: 20%
- Qatar: 17%
- Morocco: 13%
- Tunisia: 11%
- Algeria: 8%
- Palestine: 7%
- Jordan: 6%
- UAE: 4%

Notes: n=262. Films listing multiple countries of productions are double counted. Qatar may be over-represented and the UAE may be under-represented. See chapter notes for method details.
Source: Doha Film Institute

Percent of Films with Multiple Countries of Production

- Multiple Countries of Production: 29%
- Single Country of Production: 71%

Notes: n=262. See chapter notes for method details.
Source: Doha Film Institute

Countries with the most multi-national productions

- France: 44%
- Qatar: 43%
- Lebanon: 23%
- Tunisia: 10%
- Algeria: 10%
- Morocco: 9%
- Palestine: 9%
- Jordan: 8%
- Germany: 8%
- UAE: 6%

Note: Films listing multiple shooting locations are double counted. Qatar may be over-represented and the UAE may be under-represented. See chapter notes for method details.
Source: Doha Film Institute

Multi-National Production: % of films from each country that name multiple countries of production

- Egypt: 10% (Multiple Countries of Production), 90% (Single Country of Production)
- France: 44% (Multiple Countries of Production), 56% (Single Country of Production)
- Lebanon: 27% (Multiple Countries of Production), 73% (Single Country of Production)
- Qatar: 34% (Multiple Countries of Production), 66% (Single Country of Production)
- Tunisia: 34% (Multiple Countries of Production), 66% (Single Country of Production)

Note: Films listing more than one country of production are double counted. See chapter notes for method details.
Source: Doha Film Institute
Authorship

This section looks at the representation of nationalities and genders among independent filmmakers, as well as the range of topics covered by their films. Three-quarters of these films are written and directed by the same person—one of the distinguishing characteristics of independent film.

The diverse backgrounds of independent filmmakers correlate with a wide range of subject matter. While nearly three-quarters of independent films are considered to be dramas, less than one in five is considered a comedy. Social issues, women, identity, and politics all rank among the most common topics.

See the Countries of Production section for a detailed chart showing which countries of production are most frequently associated with the top genres or subject matter.

Compared to mainstream cinema offerings, independent films are created by people from countries far more evenly spread across the region. Egyptians are the most common nationality among writers, directors, and producers, but only slightly more common than Lebanese. Independent films are twice as likely to be directed by women than mainstream cinemas in the region. Approximately 30 percent of the writers and directors of independent films are female, which is high compared to their more commercial counterparts. Lebanon is home to more female filmmakers than any country in the region.

(The absolute numbers of females from each nationality are drawn from our sample of 262 films and shown for proportionality, but do not represent a full count of all writers, producers, and directors in the region.)
**Independent Film: Authorship**

### Top Genres/Topics: % of films that are classified as...

- **Drama**: 74%
- **Social Issues**: 34%
- **Comedy**: 19%
- **Women**: 13%
- **Identity**: 13%
- **Politics**: 12%
- **Psychological**: 12%
- **Youth**: 10%

*Notes: in 362 films/topics reported by grant applicants (director or producer of film). Multiple responses possible. See chapter notes for method details.*

Source: Doha Film Institute

### Gender Ratio of Writers, Directors, and Producers

- **Writers**: 29% Male, 26% Female
- **Directors**: 27% Male, 26% Female
- **Producers**: 30% Male, 20% Female

*Note: See chapter notes for method details.*

Source: Doha Film Institute

### Most Common Nationalities of Writers, Directors, and Producers

#### Writers: % who are...
- **Egyptian**: 27%
- **Lebanese**: 16%
- **Moroccan**: 10%
- **Tunisian**: 10%
- **Palestinian**: 8%
- **French**: 7%
- **Jordanian**: 6%

#### Directors: % who are...
- **Egyptian**: 15%
- **Lebanese**: 15%
- **Moroccan**: 12%
- **Tunisian**: 10%
- **Palestinian**: 8%
- **Algerian**: 7%
- **Jordanian**: 6%

#### Producers: % who are...
- **Egyptian**: 10%
- **Lebanese**: 15%
- **French**: 12%
- **Moroccan**: 11%
- **Tunisian**: 8%
- **Algerian**: 6%
- **Palestinian**: 5%
- **Jordanian**: 5%

*Note: See chapter notes for method details.*

Source: Doha Film Institute

### Most Common Nationalities of Top Quartile-Budget Films

#### Writers: % who are...
- **Lebanese**: 27%
- **Algerian**: 15%
- **Moroccan**: 10%
- **Tunisian**: 10%
- **French**: 8%
- **Egyptian**: 8%
- **Palestinian**: 4%
- **Australian**: 4%

#### Directors: % who are...
- **Lebanese**: 27%
- **Algerian**: 16%
- **Moroccan**: 15%
- **Tunisian**: 10%
- **Egyptian**: 8%
- **French**: 6%
- **Palestinian**: 6%
- **Australian**: 4%

#### Producers: % who are...
- **Lebanese**: 20%
- **Moroccan**: 12%
- **Tunisian**: 12%
- **Egyptian**: 8%
- **French**: 6%
- **Palestinian**: 6%
- **Australian**: 4%

*Note: See chapter notes for method details.*

Source: Doha Film Institute
It is a rare archive that provides such an intimate glimpse into the contemporary scene of Arab independent cinema. Information about an industry is often more readily available when pursued from the top down. The less hierarchical, more dispersed domains of film production can present challenges for researchers. Here we are given access not to the operations of a single organization, but to the infrastructure of a network of independent filmmakers, and this access comes in the form of the filmmakers’ own detailed proposals for support. A dataset like this would have been a dream-come-true to Georges Sadoul back when he was writing the pioneering works that brought Arab cinema to the attention of scholars around the world.

Right from the start, these findings illustrate that independent cinema in the region is anything but naively independent. The definition of independent cinema, particularly now, is hotly debated as it relies on a kind of paradox. One of the most enduring definitions of independence emphasizes the vision of a single author, perhaps a writer-director (as in 76 percent of the cases here), who either operates on the periphery of the studio system or who presents a countercurrent to its mainstream. Thus, independence has often been cast against interdependence or codependence (a term used to describe major studio acquisition of independent film labels). This distinction has been unsettled as cinema increasingly becomes a medium directed, not to a single mass, but to different niche audiences. Commercial cinemas have long catered to multiple subgroups in a multi-screen format, and now even smaller venues are following suit. Arthouse cinemas, the typical pre-streaming target venue for many of the films in this pool, have been adding screens and subtracting seats-per-screen. This increases the number of films that move through each cinema, and it provides targeted content and programming flexibility. These changes, necessary to make small-scale film exhibition work in today’s media environment, have also redefined how filmmakers and audiences conceive of independent cinema.

This study offers a clean, budget-driven definition of independent cinema, and in doing so it reveals the many interdependencies that researchers must consider, even as we track the careers and artistic choices of singular filmmakers. At first glance, it demonstrates the continuing influence of French co-production in the region. Historically, French companies have held a major stake in film production throughout North Africa and the Middle East. This has been particularly true with art films made for audiences who welcome subtitles and who notice when films receive attention at international festivals. But adding to this story, the study also suggests a shift brought about by the friendly competition, among institutions in the GCC, to build and support independent cinema in the region. Filmmakers historically excluded from commercial filmmaking are engaging with these shifting infrastructures of support – with some positive results. While there is still work to do, independent films are, for example, twice as likely to be directed by women than mainstream films in the region. Researchers have noted similar phenomena in nearby countries like Iran. The number of women behind the camera in Iran grew tremendously during the art cinema boom there in the 1990s. The hope is that by understanding the interdependencies within these growing networks of filmmakers, we will be better able to advocate for stable, inclusive infrastructures of support and better able to identify the processes by which truly remarkable work can emerge.

By Kaveh Askari
Associate Professor in Residence, Communication Program, Northwestern University in Qatar
Between 2012 and 2014, the number of free-to-air channels jumped from 565 to 724.

In this chapter:
- Overview
- Industry Dynamics
- Production
- Distribution
- Ad Revenues
- Expert Commentary:
  “The Blurring Line Between Government and Commercial TV”
By Joe Khalil

Overview

Television remains a resilient, growing, and increasingly dynamic platform in the Middle East. The region’s TV market base currently stands at just 50 million TV households, and is dominated by satellite television. Other channels of distribution, including cable and digital terrestrial television (DTT), remain relatively small, although Internet protocol television (IPTV) is growing faster than the global average. But IPTV is still largely a GCC phenomenon focused on high-bandwidth markets such as the UAE and Qatar.

MENA’s traditional TV industry was worth more than USD 3.37 billion in revenues in 2015, composed of more than USD 2.39 billion in free-to-air (FTA) advertising and USD 0.75 billion in pay TV subscription revenues. To a greater extent than many other international markets, TV is still largely driven by FTA, representing 71 percent of MENA TV revenues. Further, with 43 percent of total net ad spend, TV in the Middle East has one of the highest shares of media ad spend in the world (compared to 37 percent in Asia-Pacific, 36 percent in North America, and 29 percent in Western Europe). This share has increased from 37 percent in 2010 to 43 percent in 2015.

Local TV production is largely concentrated on Lebanon, Egypt, and the UAE. Along the TV value chain and segments, the local market is becoming distributed among fewer players, yet with more intense competition.

Scripted content such as international movies and Arabic-language TV series – especially Egyptian dramas – remains the Arab preference, retaining a significant share of local TV productions and audience. Comedies and thrillers have started to gain better traction, accounting for more local productions. However, the rise in the production and popularity of talk shows, talent shows,
Industry Dynamics

TV households in the MENA region have been increasing in line with other developing markets, with a compound annual growth rate (CAGR) of 2.6 percent (3.7 percent in Latin America; 2.2 percent in Asia-Pacific) between 2010 and 2015.

While cable remains the largest TV platform globally with a share of 37 percent, satellite accounts for almost 80 percent of the region's TV households. However, IPTV and DTT are the fastest-growing platforms from 2010 to 2014, with CAGRs of 25 percent and 35 percent respectively. These platforms are outpacing the global growth rate, but from a much smaller base. Poor Internet infrastructure in non-GCC MENA countries has also hindered the adoption of IPTV in the region.

MENA’s adoption of these types of TV distribution has been driven by the richer GCC countries, due to more high-speed broadband penetration and regulations (e.g., bans of satellite dishes in new developments). As a result, IPTV accounts for more than a 50-percent share of TV households, while UAE accounts for a 40-percent share of TV households.

In contrast, in countries such as Egypt, IPTV is virtually non-existent, and terrestrial TV is declining as satellite TV gains a larger share. This is mainly due to the wider multi-channel choice proposed by satellites and the delays in DTT roll-out.

The region boasted more than 700 FTA channels in 2014 and has seen a CAGR of 13 percent since 2012. FTA channels in the MENA region are headquartered in more than 35 locations, with Egypt, the UAE, and Saudi Arabia as the primary headquarters for FTA channels. In most markets, free direct-to-home (DTH) continues to be the dominant form of TV distribution.
Pay TV subscriptions continue to show significant growth despite the ubiquity of free content on offer. In markets like the UAE and Qatar, pay TV was present in more than 80 percent of the TV households in 2015.

**Television: Industry Dynamics**

Pay TV subscriptions continue to show significant growth despite the ubiquity of free content on offer. In markets like the UAE and Qatar, pay TV was present in more than 80 percent of the TV households in 2015.

**TV Production – Location and Economics**

Most of the production houses for non-scripted programs are based in Lebanon (four companies with 70 shows) and the UAE (four production companies with 10 shows). TV production is split evenly between in-house channel production and independent studios. While low costs and the availability of talent make Lebanon the preferred regional production hub, the UAE is offering high-quality facilities (e.g., Studio City), aggressive incentive mechanisms, and the presence of a leading anchor tenant (i.e., MBC). Other countries, such as the KSA, have a very limited potential for the production of local shows, although recent announcements to launch a new media city in the KSA might be changing the equation. In Qatar, production is limited to locally broadcast shows. Syria has historically played an important role for TV production, but current events have significantly slowed down the production of non-scripted shows in the country.

The production of scripted programs (e.g., TV series) is more widespread across the MENA region. In Egypt and the UAE, 25 to 30 percent of TV series are produced locally. In Lebanon and Syria, this is 12 to 17 percent, and between 5 to 7 percent in Jordan, Kuwait, and Saudi Arabia. Over the last few years, political turbulence in Egypt and Syria has contributed to a smaller share of series production in the UAE and the KSA. Among the more prolific TV production companies, Cedars Art Production (Lebanon), King Tut for Media Production (Egypt), and Sabbah Pictures (UAE) are noteworthy.

Actors and support staff account for 40 to 60 percent of the total TV series production cost. Egypt, the UAE, and Lebanon are major hubs for scripted content due to the availability of actors and technical crew and the relatively lower salaries in those countries. While the UAE has state-of-the-art facilities when it comes to production of TV series, it suffers from a lack of local talent and the higher salaries there.

**Competitive Dynamics and Key Players**

The TV market is competitive yet very concentrated on a few large players. While the FTA market has a wide range of companies with more than 700 channels, five major networks in the region (MBC, Rotana Group, Al-Hayat, DME, and ADM) attract about 30 percent of the audience (SoA), with the other 70 percent scattered across a large number of smaller stations. All five major networks offer entertainment and series. MBC is the market leader by far, with more than 23 percent as SoA and close to 30 percent of all revenues. Rotana is the closest competitor with almost 7 percent as SoA and about 13 percent of all revenues. Lebanon is considered the least concentrated market where the top 10 channels account for 21 percent as SoA. Saudi Arabia is the most concentrated with the top 10 channels accounting for as much as 59 percent as SoA.

The pay TV market in the Middle East is divided into mainstream, multi-platform pay TV operators, and IPTV providers (i.e., mainly telecommunication companies). OSN is the region’s leading pay TV operator, both by revenue and growth, since 2010. beIN Sports has the most subscribers (58 percent of all subscribers) in the MENA market, thanks to the exclusive coverage of premium sports content and comparatively low subscription prices. IPTV primarily consists of GCC telecom operators – Etisalat and du in UAE, STC in the KSA, and Ooredoo in Qatar. They usually bundle an offering of largely FTA channels with add-on packages from the mainstream pay TV players and occasionally in-house developed channels (e.g., Etisalat’s e-masala). The pay TV market in the Middle East will face some significant changes in the next few months with the expansion of beIN into entertainment, beyond its core sports offerings.

Online video has fewer players compared to other markets. Free, legal online video streaming in the region is dominated by YouTube. The video-on-demand (VoD) market in the Middle East consists of only 10 to 15 players (compared to more than 3,600 in Europe) but no particular one has captured a large market share yet. This could change with international heavyweights, such as Netflix, expanding into the region.
Television: Industry Dynamics

### Share of All Scripted Series Produced in Each Country

<table>
<thead>
<tr>
<th>Country</th>
<th>2012</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Egypt</td>
<td>33%</td>
<td>20%</td>
</tr>
<tr>
<td>UAE</td>
<td>20%</td>
<td>16%</td>
</tr>
<tr>
<td>Syrian</td>
<td>23%</td>
<td>13%</td>
</tr>
<tr>
<td>Lebanon</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>KSA</td>
<td>15%</td>
<td>5%</td>
</tr>
<tr>
<td>Jordan</td>
<td>5%</td>
<td>9%</td>
</tr>
<tr>
<td>Kuwait</td>
<td>5%</td>
<td>5%</td>
</tr>
</tbody>
</table>

### Top 10 TV Channels by Share of Revenue (SoR)

#### Egypt

<table>
<thead>
<tr>
<th>Channel</th>
<th>Country of Headquarters</th>
<th>SoR (%)</th>
<th>SoA (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MBC 1</td>
<td>UAE</td>
<td>11.6%</td>
<td>3.1%</td>
</tr>
<tr>
<td>MBC 4</td>
<td>UAE</td>
<td>8.2%</td>
<td>1.9%</td>
</tr>
<tr>
<td>Rotana 2</td>
<td>Bahrain</td>
<td>7.2%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Rotana 3</td>
<td>Bahrain</td>
<td>7.3%</td>
<td>5.3%</td>
</tr>
<tr>
<td>Al Jazeera 1</td>
<td>Qatar</td>
<td>5.9%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Arabic TV</td>
<td>UAE</td>
<td>9.8%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Dream TV 1</td>
<td>UAE</td>
<td>7.5%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Arabic TV 2</td>
<td>UAE</td>
<td>1.5%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Al Arabiya 1</td>
<td>KSA</td>
<td>1.5%</td>
<td>2.0%</td>
</tr>
<tr>
<td>KSA</td>
<td>1%</td>
<td>2.1%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Total, Top 10 Combined</td>
<td></td>
<td>41.8%</td>
<td>25.6%</td>
</tr>
</tbody>
</table>

#### Qatar

<table>
<thead>
<tr>
<th>Channel</th>
<th>Country of Headquarters</th>
<th>SoR (%)</th>
<th>SoA (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MBC 1</td>
<td>UAE</td>
<td>14.6%</td>
<td>7.0%</td>
</tr>
<tr>
<td>MBC 4</td>
<td>UAE</td>
<td>10.0%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Al Jazeera 1</td>
<td>Qatar</td>
<td>8.3%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Arabic TV</td>
<td>UAE</td>
<td>5.9%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Arabic TV 2</td>
<td>UAE</td>
<td>5.5%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Arabic TV 3</td>
<td>UAE</td>
<td>4.5%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Arabic TV 4</td>
<td>UAE</td>
<td>4.0%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Arabic TV 5</td>
<td>UAE</td>
<td>3.5%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Total, Top 10 Combined</td>
<td></td>
<td>42.8%</td>
<td>15.0%</td>
</tr>
</tbody>
</table>

#### Lebanon

<table>
<thead>
<tr>
<th>Channel</th>
<th>Country of Headquarters</th>
<th>SoR (%)</th>
<th>SoA (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MBC 1</td>
<td>KSA</td>
<td>13.4%</td>
<td>2.5%</td>
</tr>
<tr>
<td>MBC 4</td>
<td>KSA</td>
<td>10.0%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Al Arabiya 1</td>
<td>Lebanon</td>
<td>10.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Arabic TV</td>
<td>Lebanon</td>
<td>9.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Arabic TV 2</td>
<td>Lebanon</td>
<td>5.5%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Arabic TV 3</td>
<td>Lebanon</td>
<td>4.0%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Arabic TV 4</td>
<td>Lebanon</td>
<td>3.0%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Arabic TV 5</td>
<td>Lebanon</td>
<td>2.0%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Total, Top 10 Combined</td>
<td></td>
<td>30.1%</td>
<td>20.5%</td>
</tr>
</tbody>
</table>

#### KSA

<table>
<thead>
<tr>
<th>Channel</th>
<th>Country of Headquarters</th>
<th>SoR (%)</th>
<th>SoA (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MBC 1</td>
<td>KSA</td>
<td>11.4%</td>
<td>1.5%</td>
</tr>
<tr>
<td>MBC 4</td>
<td>KSA</td>
<td>9.0%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Al Arabiya 1</td>
<td>KSA</td>
<td>6.2%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Arabic TV</td>
<td>KSA</td>
<td>5.0%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Arabic TV 2</td>
<td>KSA</td>
<td>3.0%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Arabic TV 3</td>
<td>KSA</td>
<td>2.0%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Arabic TV 4</td>
<td>KSA</td>
<td>1.0%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Arabic TV 5</td>
<td>KSA</td>
<td>0.5%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Total, Top 10 Combined</td>
<td></td>
<td>16.1%</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

### Rotana Groups gets higher revenue per viewer despite MBC’s clear leadership position

- **Two Largest Pan Arab TV Stations by Audience and Revenue**

<table>
<thead>
<tr>
<th>Network</th>
<th>Share of Audience</th>
<th>Share of Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>MBC</td>
<td>23.7%</td>
<td>6.8%</td>
</tr>
<tr>
<td>Rotana</td>
<td>29.5%</td>
<td>12.9%</td>
</tr>
</tbody>
</table>

Note: SoA calculated based on average SoR of each of the networks’ channels in largest markets (Egypt, KSA, and UAE).

Sources: Arab Advisors Group (2015), IPSOS (2015)

---

MEDIA INDUSTRIES IN THE MIDDLE EAST, 2016
mideastmedia.org
Scripted content, largely consisting of Arabic TV series and international movies, reached approximately 75 percent as share-of-audience (SoA) in 2012. In 2014, international movies and Arabic TV series still retained the lion’s share of the region’s audience. But the popularity of content has become more balanced, with a sizeable shift toward non-scripted content. It reached 42 percent as SoA, compared to 25 percent in 2012.

In just two years, non-scripted talent shows, such as “Arab Idol,” “Arab’s Got Talent,” and “The Voice,” almost doubled in their SoA.

Talk shows are the most frequent non-scripted programs, but talent and game shows have been gaining popularity over the past few years in FTA channels. Talent shows are mainly licensed, but talk shows, reality shows, and game shows are mostly original formats. Reality shows in the region tend to be focused on celebrities from the MENA region, limiting the importance of international formats.

Drama remains the main genre with 61 percent of all TV series produced in MENA. It is mainly driven by Ramadan and Egyptian drama productions. Egyptian drama series have dominated the MENA region’s drama scene, consistently representing eight out of the top 10 drama series. Although drama remains dominant, it has lost somewhat to comedy and thriller genres. Not only drama, but also Egyptian comedy belongs to the most watched comedy series in MENA – with almost all entries of the top 10 comedy series from Egypt.
### Number of Non-Scripted TV Shows on Major General-Interest Channels*

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Shows</th>
<th>Game Shows</th>
<th>Talent Shows</th>
<th>Reality Shows</th>
<th>Talk Shows</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>47</td>
<td>10.6%</td>
<td>12.4%</td>
<td>21.3%</td>
<td>55.3%</td>
</tr>
<tr>
<td>2014</td>
<td>56</td>
<td>12.5%</td>
<td>16.1%</td>
<td>21.4%</td>
<td>50%</td>
</tr>
</tbody>
</table>

*General interest channels analyzed: Dubai TV, LBC, MBC 1, MBC 4, Abu Dhabi TV. See chapter notes for details.


### Decrease in drama giving way to more variety of genres

<table>
<thead>
<tr>
<th>Year</th>
<th>Drama</th>
<th>Comedy</th>
<th>Thriller</th>
<th>Historical</th>
<th>Biography</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>71%</td>
<td></td>
<td></td>
<td>14%</td>
<td>6%</td>
</tr>
<tr>
<td>2014</td>
<td>61%</td>
<td>19%</td>
<td>11%</td>
<td>9%</td>
<td></td>
</tr>
</tbody>
</table>

*General interest channels analyzed: Dubai TV, LBC, MBC 1, MBC 4, Abu Dhabi TV. See chapter notes for details.

Note: 40 series in all analyzed channels canvassed in 2012 and 2014.


### Licensed formats more common for Game & Talent shows

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Programs</th>
<th>Licensed Format</th>
<th>Original Format</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>26</td>
<td>24 (92%)</td>
<td>2 (8%)</td>
</tr>
<tr>
<td>2014</td>
<td>28</td>
<td>27 (96%)</td>
<td>1 (4%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Programs</th>
<th>Licensed Format</th>
<th>Original Format</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>11</td>
<td>9 (81%)</td>
<td>2 (18%)</td>
</tr>
<tr>
<td>2014</td>
<td>12</td>
<td>11 (92%)</td>
<td>1 (8%)</td>
</tr>
</tbody>
</table>

*General interest channels analyzed: Dubai TV, LBC, MBC 1, MBC 4, Abu Dhabi TV. See chapter notes for details.

Distribution

The MENA region is largely an FTA market. As of 2014, the region is home to 724 FTA channels, up by almost 40 percent since 2011. The region’s supply of FTA channels is rather evenly distributed across the different genres. Most of these genres have seen a double-digit CAGR growth between 2012 and 2014. As an exception, “general” content occupies the largest share at 33 percent of all FTA channels, but by its nature also contains all other genres. In our focus countries, except Egypt, entertainment channels constitute a major portion of the top channels with about 30 to 40 percent as SoA, mainly due to their Pan-Arab nature.

Approximately 20 percent of the FTV channels in the GCC and Egypt are state-owned, much more compared to the Levant countries. By genre, governments – mostly the Saudi, Qatar, and UAE governments – own 71 percent of MENA sports channels. About 17 percent of news and current affairs channels are also state-owned, due to GCC and North African government regulations around news and content dissemination.

Pay TV

Compared to other world regions, MENA’s pay TV market is still very small. At only about 9 to 10 percent penetration of MENA TV households, the market is still far behind other markets, with penetration rates typically closer to 50 to 60 percent and even as much as 86 percent in the U.S. However, despite a strong FTA offering and frequent piracy, subscriptions continued to grow in the region at a healthy CAGR of 8.4 percent from 2010 to 2015. IPTV in particular has taken off in the GCC countries. Its proportion of total pay TV subscriptions has more than doubled between 2010 and 2015, from 8.5 to 17.7 percent.

There is still a large gap in pay TV penetration levels between the GCC and other sub-regions. Qatar and the UAE, with large expat populations, have about 80 percent pay TV penetration, fairly split between IPTV and direct-to-home (DTH) pay TV operators. The KSA, with the second highest population base, has much fewer pay TV subscribers (30 percent) with a focus on DTH. Levant and North Africa sub-regions are all more DTH-oriented, with very low penetration rates between 2 and 6 percent. Egypt in particular is an undersized market. With the largest population, it still has exceedingly low penetration levels.

Online Video

Online video (e.g., YouTube) consumption in MENA is the second highest globally – with 510 million views per day (up from about 300 million views per day in 2013). YouTube reports a 50-percent growth per year in MENA’s online video views since about 2013. An analysis of the top 500 YouTube channels across key markets – the KSA, the UAE, Levant, and Egypt – also suggests a potential of about two billion monetizable monthly video views. Structurally, broadcaster-led online video platforms have a stronger presence in markets such as the UAE and Egypt, whereas regional and international multi-channel networks (MCNs) represent more than a 50-percent share of views in the KSA and the Levant.

Video-on-demand (VoD) has also seen increasing traction across the region. The success of MBC’s Shahid.net, for instance, has led the platform to consider a subscription model targeted largely at Arabs in the diaspora. In Lebanon, several TV channel groups are discussing opportunities to develop a joint VoD platform to compete with major players like Shahid.net. Istikana and icflix are working on their own regional content productions to be distributed exclusively on their platforms – actually quite similar to global players such as Netflix, renowned for their proprietary popular TV shows (e.g., “House of Cards,” “Orange is the New Black”). IPTV companies (mainly telecom operators) in the GCC region have recently launched new subscription video-on-demand (SVoD) services of their own, and are expanding their VoD content libraries. Most significantly, global players such as Netflix and STARZ Play Arabia have recently entered the local SVoD market.

While both short-form and long-form videos are assumed to be viewed on desktops or TV, interviews with major MCN and VoD players in the market suggest that 60 percent of viewers access content via a mobile device – much more than in other regions, where mobile streaming on YouTube is typically about 35 to 45 percent. This development is mainly driven by the increasing smartphone and tablet penetration in the MENA region as well as the increased broadband speed and bandwidth.
### Free-to-Air TV Channels Available in MENA, by Category

#### 2012
- General: 33%
- News and Business: 16%
- Religious: 12%
- Movies and Series: 10%
- Music: 10%
- Children and Youth: 9%
- Educational: 9%
- Other: 3%
- Total Channels: 563

#### 2014
- General: 31%
- News and Business: 12%
- Religious: 10%
- Movies and Series: 10%
- Music: 10%
- Children and Youth: 9%
- Educational: 9%
- Other: 2%
- Total Channels: 724

**Source:** Arab Advisors Group (2015)

### Share of Free-to-Air TV Channels Available in MENA Headquartered in the Following Countries

#### 2012
- Egypt: 32% (172)
- UAE: 19% (75)
- KSA: 14% (54)
- Lebanon: 13% (48)
- Qatar: 11% (44)
- Other MENA: 4% (22)
- Other Non-MENA: 3% (17)
- Total Channels: 563

#### 2014
- Egypt: 19% (137)
- UAE: 13% (94)
- KSA: 10% (73)
- Lebanon: 10% (75)
- Qatar: 9% (278)
- Other MENA: 15% (95)
- Other Non-MENA: 3% (22)
- Total Channels: 724

**Sources:** Arab Advisors Group (2013 & 2015)

### Free-to-Air Channels by Category and Country of Headquarters

#### Egypt
- Movies and Series: 23%
- Religious: 21%
- News and Business: 6%
- General: 6%
- Sports: 5%
- Music: 4%
- Youth: 3%
- Other: 2%
- Total: 157

#### UAE
- Movies and Series: 9%
- Religious: 6%
- News and Business: 5%
- General: 5%
- Sports: 4%
- Music: 3%
- Youth: 2%
- Other: 1%
- Total: 94

#### KSA
- Movies and Series: 3%
- Religious: 3%
- News and Business: 2%
- General: 2%
- Sports: 1%
- Music: 1%
- Youth: 1%
- Other: 1%
- Total: 73

#### Lebanon
- Movies and Series: 11%
- Religious: 4%
- News and Business: 4%
- General: 3%
- Sports: 1%
- Music: 1%
- Youth: 1%
- Other: 1%
- Total: 27

#### Qatar
- Movies and Series: 10%
- Religious: 6%
- News and Business: 5%
- General: 5%
- Sports: 3%
- Music: 3%
- Youth: 3%
- Other: 1%
- Total: 20

**Sources:** Arab Advisors Group (2013)

### Share of Audience of Top 20 TV Channels* in Each Country, by Category, 2014

#### UAE
- Religion: 7%
- Cooking: 11%
- News & Information: 11%
- Sports: 7%
- Series: 6%
- Music: 5%
- Film: 4%
- Entertainment: 3%

#### KSA
- Religion: 10%
- Cooking: 12%
- News & Information: 4%
- Sports: 13%
- Series: 12%
- Music: 9%
- Film: 4%
- Entertainment: 3%

#### Qatar
- Religion: 16%
- Cooking: 11%
- News & Information: 10%
- Sports: 6%
- Series: 8%
- Music: 6%
- Film: 5%
- Entertainment: 3%

#### Egypt
- Religion: 5%
- Cooking: 14%
- News & Information: 23%
- Sports: 4%
- Series: 6%
- Music: 6%
- Film: 19%
- Entertainment: 11%

#### Lebanon
- Religion: 6%
- Cooking: 17%
- News & Information: 19%
- Sports: 9%
- Series: 16%
- Music: 16%
- Film: 8%
- Entertainment: 10%

*Top 20 channels by share of audience in each country

**Source:** IRI (2014)
Ownership of FTA Channels Headquartered in Each Country, 2014

- **Private**
  - Egypt: 82%
  - UAE: 76%
  - KSA: 78%
  - Lebanon: 96%
  - Qatar: 80%

- **Government**
  - Egypt: 3%
  - UAE: 21%
  - KSA: 22%
  - Lebanon: 8%
  - Qatar: 20%

- **Mixed Ownership**

Source: Arab Advisors Group (2016)

Pay TV subscriptions far more common in Gulf countries which have higher purchasing power and better Internet infrastructure

Share of Households with Pay TV Subscriptions, 2015

- **Internet Protocol TV**
  - UAE: 40.2%
  - Qatar: 33.6%
  - KSA: 27.5%
  - Lebanon: 3.4%
  - Egypt: 5.8%

- **Direct to Home**

Source: Informa (2016)

Pay TV subscriptions in MENA rose by two-thirds from 2010-2015

Pay TV Subscriptions in MENA (millions)

- **Direct to Home**
- **Internet Protocol TV**

<table>
<thead>
<tr>
<th>Year</th>
<th>Direct to Home</th>
<th>Internet Protocol TV</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>2.88</td>
<td>0.37</td>
</tr>
<tr>
<td>2011</td>
<td>2.78</td>
<td>0.45</td>
</tr>
<tr>
<td>2012</td>
<td>3.01</td>
<td>0.65</td>
</tr>
<tr>
<td>2013</td>
<td>3.28</td>
<td>0.65</td>
</tr>
<tr>
<td>2014</td>
<td>3.57</td>
<td>0.84</td>
</tr>
<tr>
<td>2015</td>
<td>3.88</td>
<td>0.84</td>
</tr>
</tbody>
</table>

Source: Informa (2016)
Ad Revenues

Overall, the MENA region’s traditional TV industry is worth more than USD 3.37 billion in revenues (from FTA advertising and pay TV subscriptions). More than in other international markets, the region’s TV market is still largely driven by FTA, as opposed to pay TV, highlighting the region’s low propensity to pay for content in general and TV in particular. Of MENA’s total TV industry revenues, FTA advertising and pay TV subscriptions) is essentially just one country. Monetization is even higher (43 percent) of net ad spend in 2015 — among the largest globally, compared to 37 percent in Asia-Pacific, 36 percent in North America, and 29 percent in Western Europe.

Television ad spend per capita in MENA, at USD 17 in 2015, is on par with Asia-Pacific but lags significantly behind Western Europe (USD 80) and North America (USD 195). A major cause of MENA’s undersized TV ad market, as with that of other media platforms, is its relatively lower monetization levels. This is due in part to the problem of wide-beam technology that reaches a large population spread across multiple countries, while the core target market (that advertisers are willing to pay for) is essentially just one country. Monetization is even more difficult because credible audience measurement systems are missing. Television advertising spend is often based on artificially inflated rate cards resulting in huge gaps (often more than 80 percent) between gross advertising spend (based on rate cards) and net spend (after commission and discounts).

Free-to-Air

Everywhere in the world, TV is still the major advertising platform today. But in the Middle East, TV’s dominance over other media platforms in net ad spend is even clearer. It is valued at more than USD 2.3 billion, with an even higher share (43 percent) of net ad spend in 2015 — among the largest globally, compared to 37 percent in Asia-Pacific, 36 percent in North America, and 29 percent in Western Europe.

Pay TV

In terms of revenue, MENA’s pay TV market is secondary to the one of FTA, representing only 29 percent of TV revenues. Globally, pay TV accounts for as much as 50 percent of revenues. This difference is attributed to pay TV penetration rates and consumer spend: Pay TV penetration as a percentage of households in MENA is only 10 percent, far behind North America and Europe, with 80 to 85 and 55 to 60 percent each. A similar gap exists in terms of the spend on pay TV per household and per capita. In North America, pay TV subscriptions are shared by 1.7 people on average, especially among millennials who live outside their parents’ homes. On average, they spend around USD 26 per month.

Although the region’s pay TV market is behind others on a number of fronts, it has developed markedly and fared much better than FTA in revenue growth. Between 2010 and 2015, MENA’s pay TV revenues more than doubled from USD 438 million to USD 975 million (a 17.4-percent CAGR). This growth has been supported by increasing subscription rates. They rose by two-thirds over the past five years, particularly in the richer Gulf countries with their higher GDP per capita spend and more rapid IPTV adoption.

Online Video

The Middle East is a small market for SVoD, with about ten service providers and less than 1 percent of the global revenues. Their MENA portion is worth less than USD 69 million. This accounts for less than 10 percent of its total pay TV market. However, in line with other markets, the region’s SVoD market is expanding quickly. Local pure players (e.g., icflix), pay TV operators (e.g., GO OSN), broadcasters (e.g., MBC’s Shahid.net), IPTV telecom operators (e.g., STC’s Shafti) and most recently global players, such as Netflix, have all entered the market.

Experts estimate that the MENA revenues of short-form videos will be fairly small, despite the volume of their consumption: 545 million hours per month, compared to 23 billion hours for long-form videos. The market is fairly crowded, however, with global as well as regional multi-channel networks (MCNs) and broadcasters competing. A few homegrown MCNs currently generate modest revenues but have considerably grown in video consumption in the last few years: Diwan Videos, Allan Group, UFum, Kharabeesh, and Tellfaz TV.

Aside from SVoD and short-form video, traditional TV stations are also offering a number of online features to complement and enhance viewers’ experience and interaction with TV programs, Online TV scheduling, member registrations, and streaming are the most popular. Sixty-three percent of FTA Arabic-language channels now have an online presence, and a third of them generate online revenues.
TV ad revenues per capita in MENA far lower even than in relatively comparable market of Latin America

**TV Advertising Revenues per Capita, 2015 (USD)**

- North America: 195 USD
- Western Europe: 80 USD
- Latin America: 43 USD
- MENA: 17 USD

**Note:** MENA - NIU-IG Ad Revenues Estimate. Media Industries in the Middle East, 2016. mideastmedia.org

---

**Pay TV revenues more than doubled between 2010-2015**

Estimated Revenues for MENA Pay TV Networks (USD millions, in Select Countries* Combined)

**TV Advertising Revenues in National Markets (Excluding Pan-Arab)**

**Online Features of Top TV Stations Based in Each Country, 2015**

*Web Feeds: Existence of data formats used to provide users with frequently updated content. The year marks the content on specific channel. Sources: Arab Advisors Group (2016), Websites of top 10 TV channels*
Television: Ad Revenues

Number of Arabic language channels with online revenues growing at same rate as number of channels overall

Online Presence of Arabic Language FTA Channels Available in MENA

<table>
<thead>
<tr>
<th>Year</th>
<th>Total FTA Channels: 593</th>
<th>Online Revenues</th>
<th>No Online Revenues</th>
<th>No Online Presence</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>110 (22%)</td>
<td>237 (41%)</td>
<td>233 (39%)</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>116 (20%)</td>
<td>237 (41%)</td>
<td>233 (39%)</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>159 (26%)</td>
<td>239 (40%)</td>
<td>215 (36%)</td>
<td></td>
</tr>
</tbody>
</table>


Media Industries in the Middle East, 2016

Expert Commentary

The Blurring Line Between Government and Commercial TV

In the early 1990s, the introduction of satellite television ushered an era of alternative and different choices. First broadcasting from outside the Arab world, commercially owned channels became symbols of individuality and choice, tools for expanding permissible entertainment and commercialization, promoters of liberal agendas with fresh and edgy programming. Today, it is becoming difficult to ignore the growing similarities between the state broadcasters and the commercially owned channels.

Structurally, state-owned channels are emulating multi-channels offering niche services based on geography, interests, demographics, or languages. In addition to the classic Western-oriented channel, they have sports, cultural, news, and other niche channels.

Operationally, these channels are employing staff, on-air talent, production companies formerly associated with the commercial sector, and borrowing similar production, programming, and scheduling practices. And as a sign of the economic policies of the times, state broadcasters are increasingly seeking advertisement funding.

As this study shows, the Arab countries are also witnessing growth in satellite DTT and IPTV offerings and are expected to complete a switch to the digital-video-broadcasting-terrestrial (DVB-T). When completed, will additional spectrum be available for channels that could act as public service broadcasters, or should we expect more of the same channels?

This growth and the increased digital and satellite penetration also reveal gaps in regulatory frameworks and channel licensing that push channels to seek satellite transmission to reach national audiences. In other words, these numbers reveal that technically these channels have a Pan-Arab reach but not necessarily a regional audience.

By Joe Khalil
Associate Professor in Residence, Communication Program, Northwestern University in Qatar
With its number of Internet users almost doubling in the last five years, MENA is one of the fastest-growing online markets in the world.

In this chapter:
- Overview
- Industry Dynamics
- Content
- Ad Revenues
- Expert Commentary:
  “Closing the Digital Divide Benefits Content Creators, Not Just Consumers”
  By Damian Radcliffe

Overview

In the Middle East, important drivers for growth in the digital market appear to be in place. With its number of Internet users almost doubling in the last five years, MENA is one of the fastest-growing online markets in the world. Similarly, the number of Arabic-speaking Internet users has more than doubled since 2010, a much higher growth rate compared to other languages. As such, MENA’s share of global Internet users has grown by a factor of four in the past 15 years and is now on par with its share of the world population (about 4 percent). But there is a perceptible digital divide across the region, with Internet penetration in the GCC states at or near the levels of developed countries and parts of North Africa lagging behind. Also, smartphone penetration in the GCC countries is one of the highest in the world, but it tapers off in Levant and North African markets.

Despite a rapid increase in the number of Arabic-speaking Internet users, Arabic content remains one of the most under-represented languages online in terms of its share of the world’s websites. Even in predominantly Arabic-speaking countries like Egypt, a third of the top 50 visited websites are either not available in Arabic or do not include Arabic as the “default” or primary language.

Unlike other world regions where content consumption has migrated from desktop to mobile, the MENA region has seen a 60-percent increase in traffic in certain verticals like online video generated by mobile. Mobile has therefore been an integral part of the content delivery strategy of most providers across the region. The MENA region is also seeing an increasing trend toward verticalization of content, with an increasing number of dedicated online platforms targeting news, fashion and lifestyle, sports, and music. In addition, certain verticals such as online video are seeing the advent of home-grown, multi-channel networks with predominantly Arabic content, and which center around verticals such as comedy, music, religious, and general entertainment.
Digital:

These networks have witnessed an initial phase of aggressive growth, but they now face challenges in scaling their business models and expanding their content into new genres.

From a distribution perspective, over-the-top (OTT) services are witnessing significant activity in high-bandwidth Gulf states with the emergence of pure-play OTT providers. Major television networks are increasing their premium online offerings, while international digitally native services such as Netflix are expanding into the region. The advent of these different platforms is an important trend that will impact the type of content that gets produced and distributed in the region over the coming years.

However, the growth of revenue streams from online content does not appear to keep pace with the growth in Internet penetration rates and improved digital infrastructure. Digital’s share of total advertising, albeit on an upward trajectory, still lags behind mature markets and accounts for roughly 10 percent of total advertising spend in 2015.

Low rates of credit card use – a prerequisite for digital purchases – coupled with the ubiquity of free or pirated content, have continued to hinder the monetization of content for both traditional and digitally native media companies. While GCC countries like the KSA and the UAE command premium rate cards to the rest of the region, a large proportion of emerging traffic comes from countries in the region where the political and economic situation is relatively turbulent. This has impacted the ability to monetize traffic generated from these markets, but it could represent a potential growth area for digital advertising spend.

Arabic has the largest proportional growth of any major linguistic group

Growth in Internet Users (millions) within Major Languages

<table>
<thead>
<tr>
<th>Language</th>
<th>2010</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arabic</td>
<td>65</td>
<td>168</td>
</tr>
<tr>
<td>English</td>
<td>331</td>
<td>537</td>
</tr>
<tr>
<td>French</td>
<td>271</td>
<td>445</td>
</tr>
<tr>
<td>Chinese</td>
<td>1,622</td>
<td>704</td>
</tr>
</tbody>
</table>


NOTES FOR THIS CHAPTER

Digital media is media content provided via electronic means (e.g., media that can be created, viewed, modified, and stored on a computer). Digital media includes both digital content production (film production, TV and video series production, music and audio production, news and information production) and digital content distribution (short- and long-form video platforms, digital music streaming, podcasts, digital audiobooks, digital news platforms, digital magazine platforms, and social media).
Industry Dynamics

Over the past decade, the MENA region has undergone a marked technology transformation to improve its digital readiness. The region’s progress in Internet penetration is led by the GCC, which comes close to Western markets and other international benchmarks like Singapore. Despite modest growth, most other MENA countries have significantly lower Internet penetration rates.

Although the number of unique mobile subscribers across the region is keeping with global trends, major disparities exist in the region, when considering mobile and smartphone uptake. While GCC countries have world-leading smartphone penetration levels, less than half the populations in Egypt, Lebanon, and Algeria have a mobile connection.

Internet bandwidth— a key factor in the uptake of digital media— has improved significantly over the past several years for most countries in MENA. However, as a whole, the region is still far behind developed markets.

### Mobile Device Use, 2015

<table>
<thead>
<tr>
<th>Region</th>
<th>Mobile Subscribers as % of Population</th>
<th>Smartphones as % of Mobile Connections</th>
<th>Mobile Connections as % of Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>UAE</td>
<td>86%</td>
<td>83%</td>
<td>173%</td>
</tr>
<tr>
<td>Qatar</td>
<td>72%</td>
<td>83%</td>
<td>191%</td>
</tr>
<tr>
<td>KSA</td>
<td>58%</td>
<td>75%</td>
<td>197%</td>
</tr>
<tr>
<td>Lebanon</td>
<td>52%</td>
<td>48%</td>
<td>84%</td>
</tr>
<tr>
<td>Egypt</td>
<td>23%</td>
<td>33%</td>
<td>113%</td>
</tr>
</tbody>
</table>

Source: GSMA (2015)

Disparities exist in the region, when considering mobile and smartphone uptake. While GCC countries have world-leading smartphone penetration levels, less than half the populations in Egypt, Lebanon, and Algeria have a mobile connection.

Beyond the lack of connectivity, other impediments to the monetization of online content exist. Primarily, there is a large supply of free, good-quality content and a limited willingness to pay for digital content among MENA populations. Poverty rates and the low penetration of credit cards in some countries in the region also make it difficult to monetize content.
Content

While Arabic Internet users constitute the fastest-growing language segment in the world, a big gap exists between the share of Arabic-language websites online and the number of Arabic-speaking Internet users. Even in a majority of Arabic-speaking countries like Egypt, a third of the top websites are not produced locally or at least developed in Arabic. However, by some measures, Arabic content is more common on social media than on traditional websites. Given the relatively late development of Internet infrastructure in much of the region, this may suggest that much of the Arab world came online at a time during or after the emergence of the social Web. On Twitter, 6 percent of tweets in 2013 were in Arabic. Similarly, 4 percent of Facebook users are Arabic-speaking.

Over the years, traditional media platforms have increasingly introduced digital versions of their content to engage with a wider consumer following. This has been taking place across most traditional media.

Most online newspapers provide key user-engagement features like social media support and the ability to post comments. Also, few online newspapers offer “ease of use” features like ‘most read’ lists and “advanced search.” However, a large number of those newspapers still have no online advertising, while slightly more than half offer membership – a critical first step in developing paywalls and freemiums.

Although all top 10 newspapers in the five focus countries have a website version, only 64 percent have an app and none charge for content. This would suggest that news and information providers are missing out on a major opportunity by failing to develop highly usable and interactive online and mobile sites.

While magazines in the UAE and Lebanon have developed a significant digital and social media presence, magazines in other markets like Saudi Arabia and Egypt have not kept pace. For example, only up to 60 percent of top 10 magazines across Saudi Arabia and Egypt are on social media, with well under half present on YouTube.

Most of the top radio stations in the region do have some sort of online presence. However, the range of services offered (e.g., non-Tuneln streaming, app, podcast) is generally smaller than in advanced markets (e.g., only 20 percent of radio stations in the UAE offer downloadable podcasts, and other countries do not offer this at all).

In recent years, local and international music streaming services have entered the market, providing a new vehicle for music consumption. While some local music streaming sites have become popular over the past few years, competition is on the rise as major global brands enter the market (e.g., Deezer, Apple Music). Further, leading online music websites in the region generally focus on local and international music streaming and illegal mp3 file downloads.

In terms of TV and video content, international video-sharing platforms, such as YouTube, Dailymotion, and Vimeo, dominate the market. While social media connectivity is ubiquitous, other important online user engagement offerings (e.g., polls) are still missing among the top TV channels. Basic features like schedules and advertising also remain low across the market. Additionally, none of the top 10 TV stations surveyed in September 2015 had any paywalls or freemiums.

While major social media sites like Facebook, Twitter, and YouTube all rank in the top 5 most popular sites, other major social media sites (e.g., Pinterest, Tumblr) have yet to gain popularity in the region.

In terms of popular content in the region, brands, celebrities, and community pages have a much higher proportion of fans overall that other content categories. While media represent about a third of the top 50 Twitter sites in the UAE, the share is considerably smaller in our other focus countries, where celebrities are the dominant category. Media and entertainment show more presence on YouTube than other categories in most markets, mostly containing popular TV channels and shows.

Traditional media platforms have integrated well with major social media across the region (e.g., TV is the most common type of platform among the top media sites on Facebook). Traditional media that have developed an online presence also dominate on Twitter, except in Saudi Arabia, which is dominated by digitally native media. General news sites are by far the most popular on Twitter. On YouTube, TV and entertainment are the most important segments, suggesting that the stations of the region have been able to capitalize on the opportunities of social media.

While while major social media sites like Facebook, YouTube, and Twitter all rank in the top 5 most popular sites, other major social media sites (e.g., Pinterest, Tumblr) have yet to gain popularity in the region.

In terms of popular content in the region, brands, celebrities, and community pages have a much higher proportion of fans overall that other content categories. While media represent about a third of the top 50 Twitter sites in the UAE, the share is considerably smaller in our other focus countries, where celebrities are the dominant category. Media and entertainment show more presence on YouTube than other categories in most markets, mostly containing popular TV channels and shows.

Traditional media platforms have integrated well with major social media across the region (e.g., TV is the most common type of platform among the top media sites on Facebook). Traditional media that have developed an online presence also dominate on Twitter, except in Saudi Arabia, which is dominated by digitally native media. General news sites are by far the most popular on Twitter. On YouTube, TV and entertainment are the most important segments, suggesting that the stations of the region have been able to capitalize on the opportunities of social media.
### Presence of Arabic Language Among 50 Most Visited Websites* Based in Each Country

<table>
<thead>
<tr>
<th>Country</th>
<th>Arabic Not Available</th>
<th>Arabic Available but Not Primary Language</th>
<th>Arabic Is Primary Language</th>
</tr>
</thead>
<tbody>
<tr>
<td>Egypt</td>
<td>6</td>
<td>13</td>
<td>31</td>
</tr>
<tr>
<td>KSA</td>
<td>16</td>
<td>16</td>
<td>10</td>
</tr>
<tr>
<td>Qatar</td>
<td>22</td>
<td>22</td>
<td>6</td>
</tr>
<tr>
<td>UAE</td>
<td>22</td>
<td>22</td>
<td>6</td>
</tr>
</tbody>
</table>

*Most visited by users from each country Source: Ahmadi.com, Top 50 Websites

### News and Politics Websites in Each Country Receive Far More Traffic than Sites of Any Other Category

**Traffic to Websites Based in Each Country by Topic, 2015**

<table>
<thead>
<tr>
<th>Country</th>
<th>Business</th>
<th>Home Computing</th>
<th>News &amp; Politics</th>
<th>Women’s Lifestyle</th>
<th>Sports</th>
<th>Other</th>
<th>Total Unique Views/Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>UAE</td>
<td>6%</td>
<td>57%</td>
<td>4%</td>
<td>33%</td>
<td>2%</td>
<td></td>
<td>81.35 million</td>
</tr>
<tr>
<td>Qatar</td>
<td>2%</td>
<td>98%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>65.07 million</td>
</tr>
<tr>
<td>KSA</td>
<td>14%</td>
<td>48%</td>
<td>12%</td>
<td>26%</td>
<td></td>
<td></td>
<td>24.35 million</td>
</tr>
<tr>
<td>Lebanon</td>
<td>19%</td>
<td>45%</td>
<td>10%</td>
<td>16%</td>
<td></td>
<td></td>
<td>34.26 million</td>
</tr>
<tr>
<td>Egypt</td>
<td>88%</td>
<td>8%</td>
<td>4%</td>
<td>12%</td>
<td></td>
<td></td>
<td>12.416 million</td>
</tr>
</tbody>
</table>

**Source:** MENA Media Guide Online (Accessed 3 August 2015)

### Most Common Topics of Websites Based in Each Country, 2015

<table>
<thead>
<tr>
<th>Topic</th>
<th>UAE</th>
<th>Qatar</th>
<th>KSA</th>
<th>Lebanon</th>
<th>Egypt</th>
</tr>
</thead>
<tbody>
<tr>
<td>24%</td>
<td>38%</td>
<td>24%</td>
<td>16%</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>7%</td>
<td>19%</td>
<td>25%</td>
<td>32%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>13%</td>
<td>14%</td>
<td>17%</td>
<td>6%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td></td>
</tr>
</tbody>
</table>

*Lifestyle = Lifestyle, Women’s Lifestyle, Entertainment Guides, Food & Drink, and Motor
Source: MENA Media Guide Online (Accessed 3 August 2015)

### News & Politics Websites Based in MENA, 2015 Top 5 Sites as % of All Unique Views

<table>
<thead>
<tr>
<th>Website</th>
<th>% of All Unique Views</th>
</tr>
</thead>
<tbody>
<tr>
<td>Al Jazeera (Qatar)</td>
<td>16%</td>
</tr>
<tr>
<td>Yom7.com (Egypt)</td>
<td>9%</td>
</tr>
<tr>
<td>Al Jazeera.net (Qatar)</td>
<td>6%</td>
</tr>
<tr>
<td>Molotov English (UAE)</td>
<td>5%</td>
</tr>
<tr>
<td>Khouraisnews.com (Saudi Arabia)</td>
<td>5%</td>
</tr>
</tbody>
</table>

**Total Unique Views per Month, All News & Politics Sites in MENA: 234 million**

*Source:* MENA Media Guide Online (Accessed 3 August 2015)
### Business Websites Based in MENA, 2015
#### Top 5 Sites as % of All Unique Views

<table>
<thead>
<tr>
<th>Website</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="http://www.alarabiainvest.com">www.alarabiainvest.com</a></td>
<td>33%</td>
</tr>
<tr>
<td><a href="http://www.mbc.com">www.mbc.com</a></td>
<td>12%</td>
</tr>
<tr>
<td><a href="http://www.ministryoffinance.gov.lb">www.ministryoffinance.gov.lb</a></td>
<td>10%</td>
</tr>
<tr>
<td><a href="http://www.bahrainfinance.gov.bh">www.bahrainfinance.gov.bh</a></td>
<td>6%</td>
</tr>
<tr>
<td><a href="http://www.royal.gov.sa">www.royal.gov.sa</a></td>
<td>4%</td>
</tr>
</tbody>
</table>

**Total Unique Views per Month, All Business Sites: 15 million**

*Source: MENA Media Guide Online (accessed 5 August 2016)*

### Category of Top 50 YouTube Channels* That Are Based in Each Country, 2015

<table>
<thead>
<tr>
<th>Country</th>
<th>Media &amp; Entertainment</th>
<th>Celebrities</th>
<th>Brands</th>
<th>Sport</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>UAE</td>
<td>42%</td>
<td>6%</td>
<td>34%</td>
<td>2%</td>
<td>16%</td>
</tr>
<tr>
<td>KSA</td>
<td>40%</td>
<td>6%</td>
<td>22%</td>
<td>1%</td>
<td>18%</td>
</tr>
<tr>
<td>Egypt</td>
<td>68%</td>
<td>6%</td>
<td>16%</td>
<td>14%</td>
<td>2%</td>
</tr>
<tr>
<td>Qatar</td>
<td>12%</td>
<td>4%</td>
<td>36%</td>
<td>10%</td>
<td>2%</td>
</tr>
<tr>
<td>Lebanon</td>
<td>16%</td>
<td>30%</td>
<td>28%</td>
<td>26%</td>
<td>34%</td>
</tr>
</tbody>
</table>

*By total number of video views. Based on self-reported country of origin. Categories defined by Socialbakers. *Media & Entertainment* category generally refers to media brands or companies.

*Source: Socialbakers.com (accessed 5 September 2016)*

### Top 10 YouTube Channels of Media Companies Based in Each Country by Company Type

<table>
<thead>
<tr>
<th>Country</th>
<th>Digitally Native</th>
<th>Television</th>
<th>Newspapers</th>
<th>Radio</th>
<th>Magazines</th>
</tr>
</thead>
<tbody>
<tr>
<td>UAE</td>
<td>5</td>
<td>8</td>
<td>3</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>KSA</td>
<td>2</td>
<td>5</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Egypt</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Lebanon</td>
<td>1</td>
<td>6</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Qatar</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

*Note: Only 4 YouTube channels examined in Qatar.*

*Source: Socialbakers.com (accessed 5 September 2015)*

### Category of Top 50 Facebook Pages* That Are Based in Each Country, 2015

<table>
<thead>
<tr>
<th>Country</th>
<th>Media &amp; Entertainment</th>
<th>Celebrities</th>
<th>Brands</th>
<th>Sport</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>UAE</td>
<td>30%</td>
<td>24%</td>
<td>18%</td>
<td>2%</td>
<td>26%</td>
</tr>
<tr>
<td>KSA</td>
<td>34%</td>
<td>21%</td>
<td>14%</td>
<td>1%</td>
<td>23%</td>
</tr>
<tr>
<td>Egypt</td>
<td>14%</td>
<td>16%</td>
<td>42%</td>
<td>2%</td>
<td>26%</td>
</tr>
<tr>
<td>Qatar</td>
<td>16%</td>
<td>40%</td>
<td>39%</td>
<td>2%</td>
<td>33%</td>
</tr>
<tr>
<td>Lebanon</td>
<td>26%</td>
<td>0%</td>
<td>6%</td>
<td>2%</td>
<td>26%</td>
</tr>
<tr>
<td>Lebanon</td>
<td>26%</td>
<td>46%</td>
<td>26%</td>
<td>10%</td>
<td>4%</td>
</tr>
</tbody>
</table>

*By number of fans. Based on self-reported country of origin. Categories defined by Socialbakers. *Media & Entertainment* category generally refers to media brands or companies.

*Source: Socialbakers.com (accessed 5 September 2016)*

*Media Industries in the Middle East, 2016*
**Digital Content: Top Media Company Facebook Pages** Based in Each Country by Company Type

<table>
<thead>
<tr>
<th>Country</th>
<th>Digitally Native</th>
<th>Television</th>
<th>Newspapers</th>
<th>Radio</th>
<th>Magazines</th>
</tr>
</thead>
<tbody>
<tr>
<td>UAE</td>
<td>3</td>
<td></td>
<td></td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>KSA</td>
<td>5</td>
<td>3</td>
<td></td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Egypt</td>
<td>3</td>
<td></td>
<td></td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Lebanon</td>
<td>6</td>
<td>3</td>
<td></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Qatar</td>
<td>5</td>
<td></td>
<td>4</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

*By number of fans Source: SocialBakers.com (accessed 6 September 2015)

**Category of Top 50 Twitter Accounts** That Are Based in Each Country, 2015

Accounts ± % of the top 50 pages that fall into each category
Followers ± % of fans of 50 top pages combined, the % of fans in each category

<table>
<thead>
<tr>
<th>Country</th>
<th>Media &amp; Entertainment</th>
<th>Celebrities</th>
<th>Brands</th>
<th>Sport</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>UAE</td>
<td>12%</td>
<td>30%</td>
<td>6%</td>
<td>30%</td>
<td>2%</td>
</tr>
<tr>
<td>KSA</td>
<td>44%</td>
<td>31%</td>
<td>2%</td>
<td>2%</td>
<td>21%</td>
</tr>
<tr>
<td>Egypt</td>
<td>10%</td>
<td>52%</td>
<td>4%</td>
<td>30%</td>
<td>2%</td>
</tr>
<tr>
<td>Qatar</td>
<td>20%</td>
<td>60%</td>
<td>22%</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>Lebanon</td>
<td>18%</td>
<td>40%</td>
<td>8%</td>
<td>36%</td>
<td>17%</td>
</tr>
<tr>
<td>Qatar</td>
<td>23%</td>
<td>40%</td>
<td>4%</td>
<td>4%</td>
<td>52%</td>
</tr>
</tbody>
</table>

*By number of followers, based on self-reported country of origin. Categories defined by SocialBakers. "Media & Entertainment" category generally refers to media brands or companies.
Source: SocialBakers.com (accessed 6 September 2015)

**Social media sites more common in the Gulf than elsewhere in the region**

Most Common Website Categories Among 20 Most Visited Sites in Each Country

<table>
<thead>
<tr>
<th>Country</th>
<th>Other Sites</th>
<th>Media Sites</th>
<th>Social Media Sites</th>
</tr>
</thead>
<tbody>
<tr>
<td>UAE</td>
<td>45%</td>
<td>60%</td>
<td>50%</td>
</tr>
<tr>
<td>KSA</td>
<td>20%</td>
<td>5%</td>
<td>10%</td>
</tr>
<tr>
<td>Egypt</td>
<td>20%</td>
<td>65%</td>
<td>15%</td>
</tr>
</tbody>
</table>

*Sites most visited by users from each country
Categories defined by Alexa.com
Source: Alexa.com

Media Industries in the Middle East, 2016
MIDEASTMEDIA.ORG
Digital:

Content

Ad Revenues

Advertising on digital media is continuing to grow both globally and regionally. Worldwide, total digital advertising spend has sustained high growth over the past five years at an 18-percent CAGR. While MENA only represents 0.3 percent of global digital ad spend, it has grown at a phenomenal CAGR of 39 percent, by far the biggest growth rate in the world and almost double the rate of most other markets. Digital ad revenues were worth USD 550 million in 2015, contributing to about 10 percent of the region’s total ad revenues. But while MENA’s digital share of ad spend is catching up, it is still far behind advanced markets, where digital ad spend typically holds a 30-percent share.

At the moment, regional advertising spend is still heavily focused on traditional media, and when it comes to digital, ad spend is mostly funneled into websites. The relative share of mobile advertising, the fastest-growing advertising platform in other markets, is relatively small in the region, despite its popularity with consumers.

However, digital content monetization models are evolving. While the Middle East has been moving away from fixed-time billing systems (a fixed price based on ad duration, regardless of traffic), the move is gradual and still far behind business models in developed markets. For example, most online news platforms currently use cost-per-impression (CPM, price per 1,000 “impressions” or views of an ad on a webpage), which gives every impression equal value. Developed markets have shifted toward cost-per-hour (CPH) billing, where brands pay a variable rate based on the time viewers spend on...
Digital: Ad Revenues

the page. This new metric values viewer engagement and rates quality over quantity, which in turn reduces the appeal of creating "clickbait" articles. Regional companies such as Al Arabiya, BBC Arabic, and Al Bawaba adopted CPM some time ago. Alaph and AMEinfo have also migrated toward the CPM model, while others are still following a fixed-time billing system. Although local players are changing their billing models, average online ad pricing trends have not shown any correlation with these trends so far.

As for other Pan-Arab media such as TV, advertisers often try to target a specific geographic market. Based on industry interview, we estimate that 30 to 40 percent of digital ads in the region are targeted at the KSA, 20 to 30 percent at the UAE. The rest is largely Pan-Arab or targeted at specific North African markets (e.g., Egypt).

MENA represents a far smaller share of global digital ad revenues than its 6% share of global population

Digital Advertising Revenues by World Region, Share and Total (USD millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>26.3% (41,232)</td>
<td>157,203</td>
</tr>
<tr>
<td>North America</td>
<td>35.3% (55,558)</td>
<td></td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>35.0% (56,326)</td>
<td></td>
</tr>
<tr>
<td>MENA (0.3%)</td>
<td>(550)</td>
<td></td>
</tr>
<tr>
<td>Latin America</td>
<td>2.2% (3,557)</td>
<td></td>
</tr>
</tbody>
</table>

Note: MENA - NLI-Q Ad Revenues Estimate, non-MENA - Zenith Optimedia (2015a)

Closing the Digital Divide Benefits Content Creators, Not Just Consumers

The Middle East has been one of the fastest regions for mobile growth in the past decade. With just 19 million total mobile connections in 2002, the region now boasts 202 million unique subscribers and 182 million mobile broadband connections.

This dramatic increase in mobile connectivity has changed the way mobile users work, rest, and play. Saudi Arabia leads the world for YouTube views on mobile (50 percent of all videos consumed) with the UAE not too far behind (40 percent of total YouTube views).

The types of content being consumed on mobile include music, news, comedy, games, and user-generated content, with much of it originating from the region.

Content creators – including new entrants and more established entities – have benefitted from the new distribution models afforded by the Internet and the mobile Web, publishing directly to platforms like YouTube and social networks.

Meanwhile, users increasingly embrace opportunities to consume content on the move or via portable devices. As a result, in the home environment, it’s the TV – rather than the mobile or tablet – which is now seen as the “second screen.”

However, this explosion of content – and the devices available to consume it on – is not available to everyone. Back in 2014, the World Bank calculated that 60 percent of the people in Algeria, Djibouti, Morocco, Syria, Tunisia, and Yemen, “cannot afford fixed and/or mobile broadband services.”

Remediying this is important if the full socio-economic benefits afforded by mobile technology are to be unlocked. These benefits include access to online government services and educational content, as well as output found across social networks, news and information providers, and entertainment media.

The region’s mobile divide is already apparent. Closing it is in the interests of mobile providers, governments, and content providers, all of whom stand to benefit from a wider audience base and a greater digital-level playing field.

Whether we’ll see this happen any time soon, of course, remains to be seen.

By Damian Radcliffe
Carolyn S. Chambers Professor in Journalism, University of Oregon
NEWSPAPERS

Despite the significant drop in advertising revenues, newspapers in MENA still account for a larger portion of total regional ad markets than in most other parts of the world.

In this chapter:
• Overview
• Industry Dynamics
• Content
• Ad Revenues
• Expert Commentary: “A Reflection of the Social Order Persists”
  By Rami G. Khouri

Overview

In this section, we look at general and business daily newspapers in the MENA region, where circulation has been more resilient than in the West. The region’s share of the total advertising market remains significant at 32 percent, which is 2 to 3 times higher than in North America, Europe, and other regions.

Given the lack of audited figures, the accuracy of newspaper circulation numbers remains a key concern in the region. However, newspapers in the Middle East have seemingly grown in overall circulation by 1.4 percent over the past five years. While other emerging markets experienced more significant growth, the West suffered a severe circulation erosion in the same timeframe.

Despite having low reach and circulation per capita, Egypt has seen substantial growth in the number of newspaper titles and circulation overall. Even though in most local markets, such as Tunisia and the UAE, numerous titles have exited, the region’s newspaper industry has maintained a relatively strong position in the advertising market.

There are a number of reasons explaining the relatively positive situation of newspapers in MENA:

• In line with other developing or threshold countries, the increasing literacy of the population in the Middle East has made newspapers accessible to ever-larger parts of society. This new audience may compensate for the loss in readership of printed newspapers among traditional readers and Internet literates.

• Newspapers in the MENA region seem to benefit from their well-defined national (or even local) areas of distribution. Compared to digital platforms and TV, newspapers can be used to narrowly target audiences at the national, local, or community level.
Newspapers: Overview

- Newspapers still attract a particular category of ad buyers – namely governments. On average, as much as two-thirds of government ad spend goes to national newspapers.

Nevertheless, newspaper advertising revenues overall, and as a share of the region’s total ad market, have declined by more than a fifth since 2010, with the exception of two of our focus countries: Qatar and Lebanon. While the medium has defended itself well against digital erosion, it is inevitable that the observed trends of digital migration will continue to undermine newspapers’ share of ad spend. This will be covered more extensively in the digital section of this report.

NOTES FOR THIS CHAPTER

Newspapers in this report are defined as print media published at least twice a week, and either offer stories about a wide range of topics (“General News”—e.g., a combination of politics, economy, health, sports, etc.) or focus on business news only (“Business News”). This definition excludes supplements as well as weekly, religious, and sports newspapers.

Industry Dynamics

Newspapers distributed in our five focus countries account for almost two-thirds of the newspaper circulation in the entire region. In our five focus countries, the top five newspaper owners account for 54 to 94 percent of the total circulation in their respective markets/countries. This market concentration is even greater when looking at share of ad revenues. In the UAE, for instance, the top five titles collect more than 80 percent of the total newspaper advertising revenues. While MENA is bucking the trend of declining circulation seen in the West, it is still far behind in terms of circulation per capita. With only 0.07 newspaper copies per capita on average, it is about three times lower than the average in the U.S. and Europe. Most Gulf countries have higher circulation rates than other countries in the region. In particular, readership in the UAE and Kuwait is far above the regional average. As these regional circulation figures are self-reported, they should be considered with caution. The regional gap in circulation is, however, echoed by newspaper reach. While reach is relatively high in the UAE, Saudi Arabia and Qatar, it is significantly lower in Egypt and Lebanon. The number of new titles launched per year in the region has dropped since its peak in 2011.
Newspaper Industry Dynamics

Top 5 Newspaper Owners’ Share of Total Circulation in Each Country, 2015

<table>
<thead>
<tr>
<th>Country</th>
<th>Dar Al Khaleej for Press, Print &amp; Publ</th>
<th>Alshali Media</th>
<th>Al Waleea For Media</th>
<th>Al Nahar Publishing LLC</th>
<th>Other (12 owners)</th>
</tr>
</thead>
<tbody>
<tr>
<td>UAE</td>
<td>15%</td>
<td>12%</td>
<td>11%</td>
<td>7%</td>
<td>48%</td>
</tr>
<tr>
<td>Qatar</td>
<td>32%</td>
<td>30%</td>
<td>15%</td>
<td>5%</td>
<td>8%</td>
</tr>
<tr>
<td>KSA</td>
<td>28%</td>
<td>15%</td>
<td>15%</td>
<td>10%</td>
<td>7%</td>
</tr>
<tr>
<td>Lebanon</td>
<td>2%</td>
<td>13%</td>
<td>1%</td>
<td>10%</td>
<td>8%</td>
</tr>
<tr>
<td>Egypt</td>
<td>25%</td>
<td>21%</td>
<td>21%</td>
<td>16%</td>
<td>6%</td>
</tr>
</tbody>
</table>


Change in Circulation and Number of Titles of Newspapers, 2010-2015

- KSA: 2,205,980
- UAE: 1,489,767
- Lebanon: 460,487
- Egypt: 6,065,311

% Change in Number of Titles

Newspaper Circulation per Capita, 2015


Newspaper reach in Gulf countries higher, more concentrated

We looked at four key dimensions of content generation for newspapers: type of newspaper, origin (national or international), language, sources of news, and digital features.

Within Daily Newspapers, audiences are mostly interested in following the local news in their country. This is why national titles have the largest self-reported circulation numbers and represent more than 75 percent of newspaper circulation across all MENA countries. While international papers – those created or headquartered outside MENA – make up a fair share of total newspaper circulation in the KSA and Lebanon, they sell limited numbers in other countries.

Naturally, as most of the regional audience are native Arabic speakers, the overwhelming majority of newspapers consumed are in Arabic, with a higher circulation per title than those in any other language. For example, in Egypt, 96 percent of circulating newspapers are in Arabic. This figure is somewhat lower in Gulf countries, which have larger expatriate communities. The UAE has a majority expatriate population and, as a result, is the only focus country where most newspaper titles and circulation are in other (non-Arabic) languages.
Although MENA countries rely on different sources for news, the GCC depend more on government news agencies to cover local news than other countries in the region. Egypt and Tunisia have little coverage of international and regional news and the front page is mostly focused on local news, which may be a reason why most front-page stories are sourced from correspondent interviews. Lebanon and the UAE cover more regional and international news and are less dependent on local government news agencies. GCC countries offer more international and local news and tend to rely more on government news agencies for local news (e.g., official government publications).

While the industry is experiencing significant changes as a result of digital migration, local newspaper content offerings are adapting to the increasing popularity of digital content. A number of digital features are now becoming the norm. All high-circulation newspapers in our five focus countries have digital editions and the majority offer the opportunity to comment on articles. Mobile newspaper apps are also becoming increasingly common. Almost three-quarters of online newspapers offer membership registration. This is a critical first step in developing paywalls, although only a small number of newspapers have been able to successfully introduce freemium models.
Ad Revenues

Since 2010, newspaper advertising revenues overall and as a share of total regional ad revenues have declined in the MENA region by more than a fifth. With the exception of two of our focus countries, Qatar and Lebanon, all individual MENA countries have experienced a decline in ad revenues. The sharpest drops were seen in the UAE and Egypt, where overall advertising spend decreased by almost a quarter to a third over the same period. The region may be catching up to the global trend of rising digital ad revenues and declining print revenues – a trend that started more than 10 years ago in most mature markets. However, the region’s digital ad revenues, similar to other markets, is yet to offset the decline in print revenues. Interestingly, the region is yet to see the emergence of innovative advertising products from its leading newspapers, such as print and digital bundles, which have helped generate some revenue growth in other regions of the world.

While accurate information about subscription revenues and single-copy sales is limited, it would appear that the region remains heavily dependent on advertising, compared to mature markets. More than 80 percent of revenues for key titles appear to be generated from advertising (versus 50 to 60 percent in the U.S.).

Similar to trends in developed markets around 2008, revenues from classified advertisements are shifting from print to digital properties, such as the UAE’s Dubizzle platform.

Despite a significant drop in advertising share, newspapers still account for a larger portion of total advertising spend in MENA than in other markets. In addition, national newspapers still account for a substantial share of overall ad spend in their respective countries. Newspapers are still used as a primary medium to reach local audiences, in particular by government advertising. Due to the logistics and content barriers to this medium, Pan-Arab advertising in newspapers is virtually non-existent.

The distribution of advertising spend is fairly concentrated, with the top five newspapers accounting for more than half of the total newspaper print ad spend in each of our five focus countries.

While ad revenues have declined over the past few years, the allocation of revenues by page position has remained constant. Approximately 70 to 80 percent of advertising revenues is on the “inside” sections of newspapers.
Whenever I visit an Arab country, I buy several daily Arabic-language newspapers every morning and spend half an hour skimming through them. But I only look at headlines, photographs, and advertisements because these provide the most accurate, easily accessible window into that society’s prevailing political, social, and economic culture. This captures the special place that newspapers occupy in Arab countries, and that has remained consistent for over half a century now since the 1960s. New and dynamic universes of Pan-Arab television, offshore publications, community radio, and digital and social media explode all around them, like supernovas, shooting stars, and hot new planets. But they all revolve around the constant and unchanging Arab sun that are the daily newspapers.

The striking attributes of the newspaper industry in the Arab world that are captured in this study are the same ones that I have personally experienced during my 45-year-old (and ongoing) association with this sector. I have done this as a reporter, page editor, feature writer, editor-in-chief, columnist, trainer, gatekeeper, and lifelong cheerleader for this thrilling business – one that captures a society’s waking hours and disseminates its tales of those doings the next morning in a printed product that reaches all corners of the land. In this beloved world of mine, indigenous Arab newspapers still function as the guardians and mirrors of the prevailing political-economic order.

The number, circulation, nature, and advertising revenues of newspapers all fluctuate slightly from decade to decade and country to country, but the fundamental role of newspapers remains, as the flag carriers of incumbent political power elites operating within the spaces designated by those elites. As some of the data in this study indicate, a small number of owners dominates the newspaper business in each country and enjoys the bulk of advertising revenues. A few new ventures are launched every year, despite the drop in newspapers’ absolute advertising revenues due to competition from flourishing digital media.

This is because newspapers today, as since the 1960s, rely on three principal sources of patronage and financial revenues – governments, government-licensed political parties, or (mostly in the wealthier Gulf states) bountiful consumer advertising. These three sources seek to preserve the status quo; limited reforms and new players in the ruling elite are allowed within controlled parameters of behavior in the public sphere that newspapers faithfully disseminate to the public. So drama and innovation do happen throughout the Arab communications realm, mostly in offshore and virtual sectors that allow hundreds of millions of Arabs to explore new ideas and values, or challenge prevailing norms. But the newspaper business continues unchanged, anchored by two compelling and enduring forces: powerful public and private sectors in society that guard the status quo, and the never-ending thrill that millions of men and women experience when they open their morning paper, smell the ink, and start turning the pages to discover what happened yesterday in their world, and what is going on in their city today.

By Rami G. Khouri
Syndicated Columnist and Senior Public Policy Fellow, Issam Fares Institute for Public Policy and International Affairs, American University of Beirut
In contrast to markets in most other world regions, MENA still boasts a steady and slowly increasing average of 70 new titles per year.

In this chapter:
- Overview
- Industry Dynamics
- Content & Categories
- Ad Revenues
- Expert Commentary:
  “Arab Magazines: A Medium in Search of an Anchor”
  By Nabil Dajani

Overview

Magazines have fared better in the MENA region than in mature markets – at least as far as the total number of titles and their circulation are concerned. Magazine advertising revenues, however, have steadily declined, both in absolute value and share of the total MENA advertising market. Nevertheless, new magazine launches continue at a rate of approximately 70 per year.

Overall, the industry is dominated by Consumer magazines, especially Arabic-language Women’s Interest magazines. However, Business & Trade magazines have seen much stronger growth than Consumer magazines over the past several years. While magazine readership is high in most national markets, magazine production is still highly concentrated, with nearly two-thirds of magazines printed either in the UAE or Lebanon. The UAE in particular has a large share of the production market, with major publishers like ITP Publishing Group and Motivate Publishing located in Dubai’s Media City.
For this chapter, we look at magazines printed at least twice a year.

**Consumer magazines** are magazines aimed at the general public, focusing on topics of general interest and not on particular trades or types of business – e.g., Women’s Interest, Lifestyle, News & Politics, Consumer Goods (e.g., watches, jewelry, cars), Computers & Technology, Travel, Arts, etc.

**Business & Trade magazines** cover topics that are relevant to people working in a particular industry, trade, or on a career path – e.g., Business & Finance, Health & Medicine, Energy & Utilities, Architecture & Design, Construction & Engineering, Hospitality, etc. National figures account for ad spend on magazines distributed within a single country. Pan-Arab accounts for ad spend on magazines distributed in two or more MENA countries.

Reach is defined as the percentage of the population claiming to have read a magazine within the past week (for weekly magazines) or the past month (for monthly magazines).

**NOTES FOR THIS CHAPTER**

In terms of its readership and diversity of offerings, the magazine market in MENA is relatively healthy. We estimate the total circulation of magazines in MENA in 2015 to be more than 30 million. Although circulation audits are more common in the magazine sector than in the newspaper sector, it is important to note that self-reported circulation numbers lead to some overestimation of the market.

According to available data, the readership of weekly magazines in four of our five focus countries is around 50 percent (and as high as 61.5 percent in the UAE). The popularity of magazines is also evident when considering circulation per capita, which is higher than U.S. figures in both the UAE and Lebanon.

With more than 1,200 titles currently available, MENA is comparable to mid-size Western markets like Australia and Canada. In contrast to most other markets, however, the region still boasts a steady and slowly increasing average of 70 new titles per year.

Compared to more mature markets, MENA is experiencing a relatively slow move toward digital. Even in the UAE – arguably the most advanced country in terms of transition to digital – 20 percent of the top 10 magazines do not have a website. Part of this gap can be explained by a conscious decision on the part of publishing houses – e.g., Abu Dhabi Media’s anaZahra is the brand’s digital presence in the Women’s Interest category, whereas their flagship magazine Zahrat Al Khaleej is not available online.
Magazines: Industry Dynamics

Magazine Circulation, per Capita and Total, 2015

<table>
<thead>
<tr>
<th>Country</th>
<th>Circulation per Capita (m)</th>
<th>Total Circulation (m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>UAE</td>
<td>1.32</td>
<td></td>
</tr>
<tr>
<td>Lebanon</td>
<td>1.32</td>
<td></td>
</tr>
<tr>
<td>Qatar</td>
<td>0.25</td>
<td></td>
</tr>
<tr>
<td>KSA</td>
<td>0.12</td>
<td></td>
</tr>
<tr>
<td>Egypt</td>
<td>0.05</td>
<td></td>
</tr>
</tbody>
</table>


New magazine launches continue at a steady rate

Magazine Launches per Year in MENA

Note: Launch dates were unavailable for 11 of 467
Consumer magazines and for 5 out of 208 Business and Trade magazines.


How many of the top 10 magazines in each country have a...

Media Industries in the Middle East, 2016
Magazines: Content & Categories

The MENA market is clearly dominated by Consumer magazines, which make up almost 80 percent of the total circulation. (Circulation numbers for all but 59 out of 1,283 titles are self-reported.) In addition, Arabic-language magazines account for 57 percent of all circulation, meaning that almost half of all magazine copies are Arabic-language, Consumer magazines.

Although 60 percent of Consumer magazine titles are in Arabic and 32 percent are in English, each magazine in the top 20 (by circulation) is available in Arabic. Nevertheless, 48 percent of all Business & Trade magazines are published predominantly in English, and only 45 percent in Arabic. It seems, however, that Arabic Business & Trade magazines outperform their English counterparts, with 70 percent of the top 20 Business & Trade magazines available in Arabic, as opposed to only 35 percent available in English.

As in other international markets, Women’s Interest magazines dominate the Consumer magazine category and hold a quarter of the total number of magazine titles and circulation. Lifestyle is another key category that has experienced a 23-percent increase in circulation over the past five years. Similarly, double-digit growth in the past five years can be found for the Cars, Bikes & Boats, Travel, and Property categories; Food & Drink has more than doubled its circulation, albeit from a very small base.

Business & Trade magazine circulation has grown comparatively stronger than Consumer magazines and is much more highly concentrated. Within the Business & Trade category, Business & Finance magazines make up nearly half of total circulation. Additionally, in the past five years, Business & Finance magazines have experienced a 25-percent increase in circulation and a 15-percent increase in the number of titles. Even more impressive growth can be found in Health & Medicine, Hospitality, Leisure & Entertainment, Energy & Utilities, Industry & Manufacturing, and Construction & Engineering. As to be expected, there is a correlation between the sectors of the Middle East economy that have been most successful recently and the most thriving Business & Trade magazine segments.

Circulation of Consumer magazines more than three times higher than circulation of Business & Trade magazines

Share of Total Magazine Circulation, Consumer and Business & Trade, 2015

English more common in Business & Trade magazines

Magazine Circulation in MENA by Language, 2015

Note: Circulation figures for all but 59 out of 1,197 titles are self-reported.
Source: MENA Media Guide Online (accessed 14th July 2015)
Women's Interest and Lifestyle genres account for over 40 percent of Consumer magazine circulation

Top Consumer Magazine Genres in MENA by Share of Circulation, 2015

<table>
<thead>
<tr>
<th>Genre</th>
<th>Circulation Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women's Interest</td>
<td>26.4%</td>
</tr>
<tr>
<td>Lifestyle</td>
<td>15.7%</td>
</tr>
<tr>
<td>Cars, Bikes &amp; Boats</td>
<td>10.5%</td>
</tr>
<tr>
<td>News &amp; Politics</td>
<td>8.7%</td>
</tr>
<tr>
<td>Entertainment &amp; Listings</td>
<td>6.2%</td>
</tr>
<tr>
<td>Travel</td>
<td>5.7%</td>
</tr>
<tr>
<td>Property</td>
<td>4.5%</td>
</tr>
<tr>
<td>Arts</td>
<td>4.1%</td>
</tr>
<tr>
<td>Children &amp; Youth</td>
<td>3.1%</td>
</tr>
<tr>
<td>Sport</td>
<td>2.8%</td>
</tr>
<tr>
<td>Other</td>
<td>12.3%</td>
</tr>
</tbody>
</table>

Total Circulation of Consumer Magazines: 24.7 million

Over the past several years, advertising revenues in the magazine market have declined in the Middle East as in other regions of the world – both in terms of absolute value and share of the total advertising market. That said, performance varies across national markets. Magazines’ share of the total ad market is still reasonably high in the UAE and Lebanon. At the same time, the absolute value of the magazine advertising market has steadily declined in both these markets with a compound annual growth rate (CAGR) of −7 percent.

Around 90 percent of magazine revenues in the region come from ads, a very high figure compared to developed markets like the U.S. where magazines collect around a third of their revenue from ad sales. Magazines also generate a very limited profit from their online versions – another indicator of the fairly slow transition from print to digital in MENA.
Expert Commentary

Arab Magazines: A Medium in Search of an Anchor

Perhaps Egypt can be named the country were Arab magazines grew and matured. Early Egyptian magazine publishers were mainly journalists from Bilad esh-Sham (mostly Lebanese and Syrians) who moved to Egypt to escape Ottoman suppression. Among them were people like Faris Nimer, Yacoub Sarrouf, and Jurji Zaydan. Important early magazines included such publications as al Muktataf, Al Mukattam, al Musawar, and Rose el-Yousef. Egyptian magazines developed a Pan-Arab circulation in the 1940s and early 1950s.

The geo-political changes in the Arab East contributed to making Lebanon an important center for Arab magazine publications. Between the 1950s and 1970s, Lebanese magazines were among the most influential Pan-Arab publications. The civil war, however, forced many Lebanese magazine publishers to migrate to Europe and the Arab Gulf and move their publications with them. Among the influential Pan-Arab magazines that moved to London and Paris were al Hawadith, as-Sayyad, al Usbu’ al Arabi, and al-Mustakbal. The Lebanese civil war also compelled many of the talented Arab journalists who were working in the media industry in Lebanon to move to the Arab Gulf states, mainly Saudi Arabia and the UAE, where they contributed to the renaissance of newspaper and magazine publishing.

The geo-political changes in the Arab East contributed to making Lebanon an important center for Arab magazine publications. Between the 1950s and 1970s, Lebanese magazines were among the most influential Pan-Arab publications. The civil war, however, forced many Lebanese magazine publishers to migrate to Europe and the Arab Gulf and move their publications with them. Among the influential Pan-Arab magazines that moved to London and Paris were al Hawadith, as-Sayyad, al Usbu’ al Arabi, and al-Mustakbal. The Lebanese civil war also compelled many of the talented Arab journalists who were working in the media industry in Lebanon to move to the Arab Gulf states, mainly Saudi Arabia and the UAE, where they contributed to the renaissance of newspaper and magazine publishing.

Early Arab magazines dealt mainly with general interest topics, but with the growing political tension in the region, news magazines became influential. With growing competition from broadcast and digital media, whose audiences are not limited by literacy as is the case with print media, magazine publications had to shift their focus from a mass general audience to specialized audiences. Arab magazines today are divided between Consumer audiences (79 percent) and the Business & Trade audiences (21 percent).

Among the most serious problems limiting the growth of Arab magazines is that of low literacy rates, low readership, and relatively low magazine advertising budgets. Another critical problem is the fact that no reliable auditing of magazine circulation is available. Circulation figures are often provided by the publishers and, therefore, usually highly exaggerated.

By Nabil Dajani
Professor of Communication and Media Studies, American University of Beirut
The UAE, the KSA, and Egypt account for 85 percent of all radio advertising revenue in the region.

In this chapter:
- Overview
- Industry Dynamics
- Ad Revenues
- Expert Commentary: “Community Radio, a Necessary but Rare Kind of Platform for the Arab Region”
  By Daoud Kuttab

Overview

Compared to Western markets, radio, at least in some MENA countries, is a relatively new medium. This could partially explain why radio reach in the region is lower than in mature markets, although radio in the UAE and Lebanon can be considered relatively developed given the number of radio stations and the diversity of content offered.

Radio market concentration is the highest in the KSA and Egypt, where total reach of the top three stations is about three-quarters of the population. In terms of ownership, Lebanon offers a contrast to the rest of our focus countries, as most of its radio stations are privately owned.

The UAE, however, is the most sophisticated radio market among our five focus countries. It has, by far, the most radio stations and broadcasts in more languages than any other country, reaching as much as 80 percent of the UAE’s population. Radio reach is only slightly greater in

Saudi Arabia – surprising, given that the KSA has a much smaller number of channels than the UAE. The ad revenues of the UAE and the KSA combined account for almost half of the MENA radio market as a whole.

As in other markets, MENA radio companies are diversifying their revenue streams and offering a wider range of digital services. Not only does this enable them to broadcast internationally, it also allows them to take advantage of new technology, like programmatic advertising.

In four of our focus countries, the number of radio stations has grown since 2010. However, the expansion of existing radio networks across borders has faced a number of obstacles, particularly of regulatory nature. Many channels

<table>
<thead>
<tr>
<th>Country</th>
<th>Radio Reach</th>
<th>Number of Stations</th>
<th>Headquartered in Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>KSA</td>
<td>87%</td>
<td>12 Stations</td>
<td></td>
</tr>
<tr>
<td>UAE</td>
<td>90%</td>
<td>17 Stations</td>
<td></td>
</tr>
<tr>
<td>Lebanon</td>
<td>74%</td>
<td>25 Stations</td>
<td></td>
</tr>
<tr>
<td>Egypt</td>
<td>63%</td>
<td>24 Stations</td>
<td></td>
</tr>
<tr>
<td>Qatar</td>
<td>52%</td>
<td>6 Stations</td>
<td></td>
</tr>
</tbody>
</table>

Notes: 2015 data used for reach in all countries and for number of radio stations in KSA and UAE; PRBB (2015); UN ESCWA (2015), CIA World Factbook (2015), Arab Research Center (2016), MIDEAST Media Guide (2016); Major SR (2016)
Media Industries in the Middle East, 2016

Radio: Overview

are now responding to these restrictions by delivering content across the region via their online platforms.

The region’s radio industry is also faced with the problem of small revenues from spot ads. This is partly due to the absence of credible audience measurement systems. However, compared to other world regions, where radio’s share of ad revenues has decreased since 2010, revenues have been relatively resilient in MENA countries. Increase in radio ad revenues has been slight in all five focus countries except Egypt, where they have doubled. But that share in MENA is still considerably lower than elsewhere in the world. Radio stations in the region are exploring additional revenue streams, such as integrated advertising campaigns, content syndication, and event management.

Industry Dynamics

Radio reach in MENA is lower than in the Western world, largely due to the relatively nascent nature of radio in the region. With the exception of the KSA, there is a clear link between the number of stations available and radio reach. In the UAE, large radio networks such as ARN and ADM cater to virtually all target groups through a very diverse radio station portfolio. Radio market concentration is strongest in the KSA and Egypt, where the reach of the top three stations adds up to about three-quarters of the population. UAE and Lebanon are more fragmented markets with quite a number of specialized stations, with Talk and Music formats particularly popular. In addition, the UAE has witnessed a bigger increase in number of radio stations providing non-Arabic content, including Armenian, Hindi, Malayalam, and Urdu.

While there is variety in what stations offer, concentration of ownership is high. The largest networks are Arabian Radio Network, Abu Dhabi Media, and Gulf News Broadcasting. Unlike our other four focus countries, most of Lebanon’s radio stations are privately owned. Most major radio broadcasters in the region are either private or government-owned companies. In addition, radio stations in the UAE are often part of diversified conglomerates, highlighting the complex nature of the UAE media industry compared to the rest of the region.

The radio industry in the region faces several challenges. Perhaps the most notable is the absence of an accepted audience measurement system. This has inhibited the growth of radio advertising spend. In addition, regulatory barriers have forced radio to focus on national markets only. Finally, there is uncertainty around music rights.
Radio Industry Dynamics

Radio reach is defined as the percentage of the population over 12 years of age that claim to have listened to the radio in the past week.

NOTES FOR THIS SECTION - INDUSTRY DYNAMICS

Radio reach is defined as the percentage of the population over 12 years of age that claim to have listened to the radio in the past week.
Radio: Ad Revenues

Radio’s share of ad revenues in MENA have remained relatively stable contrary to other world regions, where radio’s share decreased in the past five years. However, the share of radio advertising spend in MENA is still considerably lower than elsewhere in the world. It accounts for only 3 percent of total advertising spend, when compared to North America (14 percent), Western Europe (5 percent), and Latin America (6 percent).

Within the MENA region, concentration of radio ad spend is high in our focus countries – the UAE, the KSA, and Egypt account for 85 percent of all radio advertising revenue in the region. Lebanon’s relatively developed radio market, in terms of number of stations, is yet to pull its weight in the share of radio advertising revenues. However, there are significant variations across the MENA region: Radio’s share of national ad revenues was as high as 14 percent in Egypt but was only 2 percent in Qatar. Part of the challenge in generating revenues is due to the relatively low realization on radio ad inventory, which is estimated to be approximately one-tenth of that in the UK. In addition, regional dominance of TV, coupled with the relatively new nature of commercial radio, means large advertising budgets typically gravitate toward TV advertising. Radio tends to attract advertising from small and medium enterprises where average spend on a campaign is relatively lower.

This is why some of the larger radio groups have resorted to cross-platform campaigns (i.e., on both radio and social media), which provide more verifiable metrics for ad impact. Yield management continues to be a critical challenge for the industry. MENA radio companies are also offering a wider range of digital services, which not only allow them to broadcast across the region, but also help tap into a wider ad client base through programmatic buying. Some leading radio groups have started syndicating their shows across regional stations, helping to generate non-spot-based revenue streams. This also helps in overcoming national regulation barriers, which have limited the terrestrial expansion of radio stations’ reach. Finally, in line with international trends, regional radio networks have entered new business sectors, such as event management. One example is the 2014 “Virgin Radio RedFestDXB” by AMG – merging Done Events event management expertise with Virgin Radio’s music connections to create one of the leading regional music festivals.
Community Radio, a Necessary but Rare Kind of Platform for the Arab Region

In many ways, community radio could be the perfect answer to many of the problems facing the Arab world. It is easy and inexpensive to set up and has widespread accessibility that can give people in small communities a much-needed voice.

However, the reputation of community radio in the region has been damaged by actors in the middle of the twentieth century—when it was the preferred platform for a number of post-colonial revolutions, coup d'états, and other forms of regime change. Authoritarian powers that made up the majority of the members of the Arab League centralized radio broadcasts from the capital, leaving all other communities on the receiving end of radio rather than engaging with it. Instead of radio being the voice of the voiceless, it became an instrument of government propaganda.

While, for the most part, ownership of radio was a government monopoly, some private-sector businesspeople with governmental connections were allowed to create commercial radio stations that mostly played music and sometimes provided controlled service talk shows, aimed at defusing tensions rather than solving deep problems.

Community radio, which is owned by neither governments nor businesspeople, began in South America and has been developing in Africa and Asia. The Arab Spring provided rare opportunities for many individuals and groups to take advantage of the loosening grip of central governments to launch locally owned and run radio stations with or without the use of any legal approval. In many cases, local government officials have given approval to these decentralized radio stations, which allow local communities and civil society to speak out with the kind of power and support that has made it next to impossible to reverse.

While, for the most part, ownership of radio was a government monopoly, some private-sector businesspeople with governmental connections were allowed to create commercial radio stations that mostly played music and sometimes provided controlled service talk shows, aimed at defusing tensions rather than solving deep problems.

Community radio, which is owned by neither governments nor businesspeople, began in South America and has been developing in Africa and Asia. The Arab Spring provided rare opportunities for many individuals and groups to take advantage of the loosening grip of central governments to launch locally owned and run radio stations with or without the use of any legal approval. In many cases, local government officials have given approval to these decentralized radio stations, which allow local communities and civil society to speak out with the kind of power and support that has made it next to impossible to reverse.

With the exception of post-Arab Spring Tunis, and to a lesser degree Jordan, community radio is still in its nascent stage in most Arab countries. Online radio has mushroomed in countries like Egypt, which continues to ban any form of FM broadcasts by any party except the government or a handful of pro-government businesspeople. Non-government radio broadcasts have also received a big boost as of late with the availability of podcasts that can be accessed by widely available smartphones.

If structured well, community radio has the potential to be a powerful tool in drawing underrepresented communities into the national zeitgeist across the Arab world—ideally reducing isolationism and giving a voice to the otherwise disenfranchised.

In addition to this, technologies like podcasts breathe new life into the concept and allow anyone with a baseline level of technology to contribute to the national dialogue.
MUSIC

High rates of music piracy, low overall consumer spend on music per capita, and low credit card adoption rates limit the viability of online music services in the region.

In this chapter:
• Overview
• Recorded Music
• Live Music

Overview

In this section, we look at the dynamics of the music industry in MENA. It broadly consists of two key segments: recorded music (physical, digital, and rights collections) and live music (mainly sponsorships and ticket sales).

Global music industry growth has been driven largely by digital recorded music and live music, which have marginally offset the ongoing decline in physical music sales. Although the regional music industry is facing a number of challenges, indicators from MENA’s largest markets suggest potential growth driven by the rapid rise in total revenues, as well as live music’s high share of revenues.

The challenges facing the music industry worldwide are in many ways felt more acutely in the Middle East. Live music contributes the major share of industry revenues, due in part to the pervasiveness of illegal downloads making recorded music a difficult sell. The limited propensity to pay for music is reflected in average music spend per capita in the region. For example, estimates suggest that music spend per capita in the UAE is at least 50-percent lower than in markets such as Singapore and less than 20 percent of the spend in Western markets like the U.K. or the U.S.

The low spend per capita is also aggravated by the pervasiveness of piracy. To date, Arabic websites used for “free” or illegal music downloads receive more traffic than the two biggest Arabic paid sites. In other parts of the world, affordable, legal online alternatives offering...
Music: Overview

Media Industries in the Middle East, 2016

Recorded Music

Both globally and regionally, the music industry has had negative growth in the last five years, and total revenues have declined largely due to fading physical sales.

Globally, recorded music revenues have been declining steadily since 2009. This is in spite of the introduction and strong growth of digital recorded music sales and rights revenues, which represented 13 percent of global recorded music in 2014 and grew at a rate of 15 percent annually from 2009 to 2014. Many of the trends that have threatened traditional physical music sales globally have materialized to an even greater extent in the region. The slow introduction of localized digital music platforms (e.g., iTunes for the Middle East), Arabic music websites offering “free” or pirated music, and the popularity of free streaming services, such as YouTube, are all examples of such trends.

A number of challenges specific to the music industry in the region have also compounded the problem. In other world regions, rights revenues, as well as affordable and legal online alternatives, make up a significant share of recorded music revenues. In the Middle East, legal digital offerings represent only 13 percent of recorded music revenues, whereas globally, digital music has a 41-percent share of global recorded music revenues — almost on par with physical music sales. High rates of music piracy, low overall consumer spend on music per capita, and low credit card adoption rates limit the viability of online music services in the region. Arabic websites used for “free” or illegal music downloads receive more traffic than the two biggest Arabic paid sites to date. These circumstances are also reflected in the region’s digital music spend per capita. In the UAE, one of the region’s leading music markets, digital music spend

<table>
<thead>
<tr>
<th>Service</th>
<th>UAE</th>
<th>QAT</th>
<th>KSA</th>
<th>LEB</th>
<th>EGY</th>
</tr>
</thead>
<tbody>
<tr>
<td>iTunes</td>
<td>●</td>
<td>●</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amazon MP3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Google Play</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>enMusic</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spotify</td>
<td>●</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apple Music</td>
<td></td>
<td></td>
<td>●</td>
<td>●</td>
<td></td>
</tr>
<tr>
<td>Pandora</td>
<td></td>
<td>●</td>
<td>●</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anghami</td>
<td>●</td>
<td>●</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yala FM</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
</tbody>
</table>

*as of may-2015

--

The absence of rights collection agencies contributes to a vicious cycle, as major international digital streaming platforms shy away from the region. This in turn leaves a limited choice of legal music platforms available across the region. Performance rights revenue, which constitutes a significant share of revenues for record companies (i.e., between 6 to 8 percent), is virtually non-existent in the region. Traditionally, record labels tend to spend significantly up front on artists and expect to recoup a fair share of their investment partly through record sales and partly through royalties. With this critical revenue stream virtually missing, large international record labels face challenges in justifying the investment in new talent.

Given high piracy rates, limited streaming options, and lack of rights collection agencies, live performances in the Middle East constitute an even larger share of total music revenues than many other regions of the world. But even in the live performance space, the region seems to be at a significant disadvantage. Whereas worldwide, nearly a quarter of live music revenues come from event sponsorships, this figure is estimated to be below 10 percent in the Middle East. This, in addition to more restrictive food and beverage policies at events, makes concert producers heavily reliant on ticket sales.

A better customer experience receive 40 to 50 percent of industry revenues from recorded music. Here again, the radio market in MENA faces headwinds. Low credit card adoption is also one of the many factors hampering e-commerce generally in the region.

The absence of rights collection agencies contributes to a vicious cycle, as major international digital streaming platforms shy away from the region. This in turn leaves a limited choice of legal music platforms available across the region. Performance rights revenue, which constitutes a significant share of revenues for record companies (i.e., between 6 to 8 percent), is virtually non-existent in the region. Traditionally, record labels tend to spend significantly up front on artists and expect to recoup a fair share of their investment partly through record sales and partly through royalties. With this critical revenue stream virtually missing, large international record labels face challenges in justifying the investment in new talent.

Given high piracy rates, limited streaming options, and lack of rights collection agencies, live performances in the Middle East constitute an even larger share of total music revenues than many other regions of the world. But even in the live performance space, the region seems to be at a significant disadvantage. Whereas worldwide, nearly a quarter of live music revenues come from event sponsorships, this figure is estimated to be below 10 percent in the Middle East. This, in addition to more restrictive food and beverage policies at events, makes concert producers heavily reliant on ticket sales.

A better customer experience receive 40 to 50 percent of industry revenues from recorded music. Here again, the radio market in MENA faces headwinds. Low credit card adoption is also one of the many factors hampering e-commerce generally in the region.
annually averages only one USD per capita - negligible compared to other markets across the world such as the U.S. (USD 12) and Singapore (USD 3).

The MENA region lacks many elements of a rights-collection infrastructure, leaving artists and songwriters unable to claim important rights revenues. Performance Rights Organizations (PROs), which are essential in underpinning a healthy music sector, are severely lacking in the region. Only three countries in MENA – Egypt, Lebanon, and Morocco – have PROs. This means artists outside of these three countries cannot claim revenues from commercial broadcasting of their music. The lack of PROs is also a major deterrent to international music broadcasting services (e.g., Spotify) looking to enter the region, as well as artists and songwriters looking to grow their musical careers in the region.

Rights revenues in the region are negligible, while globally they account for up to 8 percent of industry revenues. This combination of high levels of piracy and lack of efficient rights collection agencies has so far kept major paid digital music streaming services (e.g., Pandora, Spotify) out of the region.

These issues have greatly challenged regional music industry players. A case in point is the price-reduction strategy adopted by the region’s top music label, Rotana Records. In an attempt to stem the epidemic of illegal downloading and boost sales, Rotana reduced the retail prices of its CDs by more than half in 2010. The strategy largely failed, even contributing to a further decline of physical sales revenues.
Music: Recorded Music

Performance Rights Organizations in Each Region, 2015

- **MENA**
  - % of countries without PROs: 81%
  - % of countries with PROs: 19%
- Asia Pacific
  - % of countries without PROs: 59%
  - % of countries with PROs: 42%
- Latin America
  - % of countries without PROs: 24%
  - % of countries with PROs: 76%
- Europe
  - % of countries without PROs: 14%
  - % of countries with PROs: 86%
- North America
  - 100%

Source: MusicBrainz PRO Analysis (2015), Industry Interviews

Top Recording Labels by Share of Arabic Music Titles, Estimated, 2015

- Rotana: 70%
- Alain El Fan: 20%
- Other Labels: 10%

Source: Industry Interviews

CD retail prices plunged after 2007 in reaction to increasing online downloads and streaming

Average Retail Price of an Arabic Language CD in MENA (USD)

- **2006**: 16
- **2010**: 4
- **2014**: 7

* Excluding KSA and Tunisia

Source: FPI (2015), Industry Interviews
Live Music

With all the challenges of recorded music, live music provides a relatively large share of revenues in the music industry, both globally and regionally. Overall, the global live music industry is valued at over USD 27 billion and represents almost two-thirds (65 percent) of the global music industry. Over the past few years, it has been growing at a steady pace, with a compound annual growth rate (CAGR) of 2.6 percent since 2010. In the region, the live music industry, although representing 90 percent of the region’s music revenues, is much smaller – estimated to be around USD 220 million. However, in terms of growth, MENA appears to be outpacing the rest of the world. In the UAE, for example, live music revenues have been growing at an annual rate of 20 percent from 2010 to 2013 – almost eight times the rate of the global market.

Recorded music accounts for a comparatively small share of industry revenues in MENA

Music Industry Estimated Revenue Sources, 2014

Structurally, the live music industry consists of two key components: event sponsorships and concert ticket sales. Globally, live music revenues have consistently exhibited a 75/25-percent split in favor of ticket sales. Over the past five to six years, increasing concert attendance and ticket prices have gradually shifted this balance toward an 80/20 percent split. But live music in the MENA region is much more dependent on ticket sales, with a minimal contribution from sponsorship. The regional ticket sales/sponsorship revenue split is an astounding 92/8-percent split.

At the country level, the region’s live music industry is concentrated, with its biggest markets in Egypt, the UAE, and Lebanon. Egypt generates the greatest share of MENA’s live music revenues (50 percent) due to its large population. Outside of Egypt, the UAE (with a 25-percent share) is the region’s biggest music hub. The UAE’s large, wealthy expatriate population, coupled with its stable environment and logistical advantages in terms of its location, make it a major MENA music hotspot and destination for both local and international artists.

In sum, given the local market structure, industry dynamics, and challenges, it may be no surprise that live music is responsible for the major share of artists’ revenues in MENA.
Unlike in other world regions, governments are the largest buyers of advertising in the Middle East, accounting for 20 percent of total ad spend in 2015.

Overview

The total MENA advertising market in 2015 was worth an estimated USD 5.5 billion in net revenues, according to the NU-Q Ad Revenues Estimate. Over the past five years, the industry has shown weak but stable growth. From 2010 to 2015, growth was a modest 2-percent compound annual growth rate (CAGR).

Several key dynamics are changing the industry, such as the convergence of advertising platforms (traditional vs. digital) and services (strategy-only vs. execution). The market structure of advertising buyers and agencies in MENA is highly fragmented, with strong presence and influence of international players. A number of acquisitions are taking place, mainly by international players seeking to break into or expand their presence in the region.

The region has more than 500 companies offering a range of services in the advertising industry, most of which employ fewer than 15 people. Unlike in other world regions, governments are the largest buyers of advertising in MENA, accounting for 20 percent of total ad spend in 2015. Consumer brands and telecommunication operators, respectively, represent the next-largest buyer segments, with 9 to 10 percent of ad expenditures.

Egypt and the UAE are the most important economic bases for advertising companies and employees. Egypt represents more than half of the advertising companies and employees in the region, due to its population, low salaries, and historical role as a local content creation hub. The UAE represents 30 percent of advertising companies and employees, which benefit from its economic-free zones.

In this chapter:
- Overview
- Market Structure
- Market Size
- Platform & Country Analysis
- Industry Trends
- Expert Commentary: “The Move from Audience Attention to Audience Involvement”
  By Ilhem Allagui
Media Industries in the Middle East, 2016

Advertising: Overview

Overall, in terms of ad spend, the MENA market structure across advertising buyers and agencies is highly fragmented. It maintains a heavy presence and influence of international companies, creating a highly competitive landscape.

Among share of ad spend, the buyer-market structure across industry segments has been fairly consistent over the past three years. After governments, the second largest industry of buyers is Food, Beverage & Tobacco (FBT), closely followed by Hygiene & Household Products (HHP) and Telecom & Utilities (T&U).

Unlike ad creation and production in which work can be contracted to freelancers, media buying is a more large-scale business, involving bulk advertising, space acquisition, and trading. The media buying unit (MBU) market, therefore, consists of fewer but much larger players who deal predominantly with larger buyers. Seventy to 100 percent of their ad spend is sourced through MBUs. However, like advertising agencies, MBUs are typically owned by international companies. MBUs in the region tend to hold premium advertising spaces across the major platforms (60-percent share of digital ad spend, 70 percent of TV, and 50 percent of newspapers). Among smaller platforms, direct sales constitute 80 percent of radio ad spend, as it is a cheaper advertising medium better suited to smaller companies.

Market Structure

Overall, in terms of ad spend, the MENA market structure across advertising buyers and agencies is highly fragmented. It maintains a heavy presence and influence of international companies, creating a highly competitive landscape.

Among share of ad spend, the buyer-market structure across industry segments has been fairly consistent over

Governments spend more on advertising than any industry category

Top 5 Largest Buyers of Advertising by Category, 2015

The MENA region is crowded with a large number and range of ad agencies. There are more than 500 advertising companies across the region, with a
wide variety of agencies providing core advertising services such as content creation, as well as supporting services like digital branding or advertising and design consultancy. The advertising industry can be segmented into four main groups:

1. **Global Full-Service Ad Agencies:** Large advertising networks, including the “Big 4” WPP, Omnicom, Publicis, and Interpublic. These players operate globally as full-service advertising agencies including strategy, design, advertising, and, on occasion, technology.

2. **Regional Generalists:** Some local companies have grown across the MENA region and beyond. Interesting Times, for example, a Beirut-based creative agency, expanded to the UAE after winning the Ferrari advertising account. Other examples include AMC Advertising & Marketing and Tihama.

3. **Global Specialists:** Global agencies delivering specific services. Some focus on advertising content strategy only or design consultancy services, while others concentrate on execution.

4. **Regional Specialists:** Companies operating in specific advertising services, such as digital ad agencies.

Structurally, the composition of the region’s agencies is fragmented, with a large number of small companies operating from a single location or with freelancers operating from their homes, and a few global firms that service local buyers. The top seven media groups, agencies including MBUs, control only 8 percent of all registered companies in our five MENA countries, leaving more than 400 companies to compete across the region.

However, in terms of ad revenues, large multinational agencies dominate the market. International agencies with local subsidiaries represent 80 percent of MENA ad revenues, whereas local agencies (non-subsidiary agencies headquartered inside the region) represent only 20 percent.

However, the dynamics are changing, as some agencies are increasingly better positioned. For instance, smaller, local agencies are competing on price. The rise of digital and social media advertising has also reduced the need for agencies to have a ubiquitous physical presence across the region. As a result, international agencies have tended to acquire successful local companies and either fully integrate them or develop them as independent subsidiaries, thus maintaining their dominance in the market.

A number of ongoing trends have led to shifts in the nature of advertising agencies and services offered. The convergence of platforms (digital vs. traditional) and services (strategic vs. execution) has shaped the industry into a complex mix of pure specialist agencies (digital marketing specialists, graphic design boutiques, etc.), fully integrated agencies, and hybrids (those offering both consulting and design services). Higher consumption of digital media and the growing spend on digital advertising has increased the number of digital advertising agencies of all sizes. In addition, a more targeted multi-channel advertising approach has developed, as well as wider range of supporting services beyond ad content production. To this end, the “Big 4” advertising networks are acquiring smaller agencies to bolster their range of service offerings and in-house capabilities, both for digital and traditional platforms. At the regional level, more mergers and strategic alliances have occurred.

Geographically, Egypt and the UAE are the largest advertising markets among the focus countries, with the highest concentration of advertising company registrations. More than half of the region’s agencies are located in Egypt. Due to its large population and low operating costs, Egypt remains an attractive location for advertising agencies. At the same time, the UAE, much more expensive and with a smaller talent pool, holds about 30 percent of the region’s agencies. Over the past couple of decades, the UAE attracted a number of regional and international advertising agencies to various free-media zones across the country. Examples include Dubai Media City, Dubai Studio City, Abu Dhabi’s twofour54, and the most recently decreed Sharjah Creative & Media City.

Unlike ad creation and production, where work can be contracted to freelancers, media buying needs more experience and professional expertise for bulk advertising, space acquisition, and trading. The media buying unit (MBU) market, therefore, consists of fewer but much larger players. Accordingly, estimates from industry experts in 2015 show that large multinational buyers in the region exclusively buy advertising spaces through MBUs. MENA’s large regional and local companies do the same, with 70 percent of their ad spend via MBUs. On the other hand, small, local companies cannot afford to purchase more expensive advertising spaces with MBUs. Instead, they tend to place their advertising directly.

MBUs control a majority of ad spend on the most powerful platforms, including a 50-percent share in print media. Direct sales represent a majority of ad spend on radio, as it is a relatively cheaper advertising medium for smaller companies.

The composition of MBUs in the region is similar to the structure of advertising agencies in terms of their local-international makeup. MBUs in the region largely consist of international players, such as Starcom MediaVest Group (SMG), Mindshare (part of Mindshare World), Media Insight, OMD (part of Omnicom Media Group), and The Media Edge (part of MEC Global, under WPP). A few major regional MBUs are also prevalent throughout the region. For example, the Choueiri Group is known as one of the local industry’s largest pioneering companies, creating a multinational footprint in the region and beyond.

There are nearly 20,000 people working in the advertising-service industry in the region. As Egypt and the UAE are the largest advertising markets among our focus countries, they are also the most important employers. More than half of advertising industry employees are located in Egypt. However, the UAE, with only about one-ninth of Egypt’s inhabitants, follows as a close second, with a 30-percent share of the region’s employees.

While the advertising industry is fragmented in terms of the number of companies, it is much more concentrated in terms of the number of employees. Industry experts confirm that the top seven companies – all multinational and regional heavyweights – represent as much as 40 percent of all employees in the advertising sector. The vast majority of media companies in Dubai employ fewer than 15 employees and regularly hire freelancers for specific skill sets. In general, freelancers are also an extremely important segment of the workforce in the region, as they represent a source of local talent with the creativity needed for regional ad and media content productions.
Advertising: Market Structure

Governments advertise heavily in newspapers, which have a more strict national reach

**Government Spending on Advertising, by Medium**

<table>
<thead>
<tr>
<th>Medium</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newspapers</td>
<td>66%</td>
</tr>
<tr>
<td>Television</td>
<td>25%</td>
</tr>
<tr>
<td>Radio</td>
<td>2%</td>
</tr>
<tr>
<td>Outdoor</td>
<td>2%</td>
</tr>
<tr>
<td>Magazines</td>
<td>6%</td>
</tr>
</tbody>
</table>

**Note:** Based on net ad revenues in Arab Media, UAE, KSA, Egypt, Kuwait, Qatar, Lebanon, Oman, Jordan, Bahrain, Yemen, 2015 data based on Jan-Sept figures. Digital advertising not reported by PARC. Source: PARC (2015)

**Employees in the Advertising Services Industry in MENA, 2015**

<table>
<thead>
<tr>
<th>Country</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>UAE</td>
<td>27%</td>
</tr>
<tr>
<td>KSA</td>
<td>8%</td>
</tr>
<tr>
<td>Lebanon</td>
<td>6%</td>
</tr>
<tr>
<td>Egypt</td>
<td>50%</td>
</tr>
<tr>
<td>Qatar</td>
<td>9%</td>
</tr>
<tr>
<td>Other MENA</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

**Total Ad Service Employees:** 15,575

**Notes:** Based on 582 companies with primary industry classification “Advertising” (SIC Code 731) registered in MENA. Source: OneSource Global Business Browser (accessed October 2015)

**Advertising in nationally focused media tends to be purchased directly by advertisers, not via media buying agencies**

**Estimated Percent of Advertising Revenues Purchased Through Media Buying Agencies**

<table>
<thead>
<tr>
<th>Media Buying Agencies</th>
<th>Direct Buying</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>70%</td>
</tr>
<tr>
<td>70%</td>
<td>30%</td>
</tr>
<tr>
<td>90%</td>
<td>10%</td>
</tr>
<tr>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>40%</td>
<td>60%</td>
</tr>
</tbody>
</table>

**Source:** Industry Interviews

**Top 5 Advertising Companies by Number of Employees in MENA**

<table>
<thead>
<tr>
<th>Company</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>WPP PLC</td>
<td>1,584</td>
</tr>
<tr>
<td>Interpublic Group of Companies Inc</td>
<td>1,484</td>
</tr>
<tr>
<td>Middle East News Agency</td>
<td>1,201</td>
</tr>
<tr>
<td>Publicis Groupe SA</td>
<td>1,149</td>
</tr>
<tr>
<td>Omnicom Group Inc</td>
<td>1,001</td>
</tr>
</tbody>
</table>

**Note:** Self-reported data for companies with primary industry classification “Advertising” (SIC Code 731) registered in MENA. Source: OneSource Global Business Browser (accessed October 2015)
There are a number of challenges associated with understanding the actual size and dynamics of the MENA advertising industry. This is why a rigorous four-step approach has been applied to construct the latest market estimates for the region’s advertising revenues. This approach included gathering existing market estimates from various companies and sources, finding the average discounts on advertising rate cards, defining NU-Q’s own market size estimate with industry experts, and, finally, testing and validating the market estimates with key media industry players.

Market estimates differ among companies due to different platforms, countries, and gross vs. net reporting. ZenithOptimedia calculates gross spend using estimates by agencies that monitor the volume of advertising of sample members for each medium. Zenith then matches each ad with the official rate card price of the space or time it occupies. It also calculates net figures based on a survey of advertisers, advertising agencies, and media owners. PARC’s estimates of ad spend are based on a similar approach, but they consider only the official advertising tariffs and therefore represent gross values. PARC’s coverage of media platforms, however, was found to be the most comprehensive. Hence, PARC’s estimates were used as a basis to arrive at gross ad spend. Interviews conducted in the market provided the basis to reach a consensus of discount rates on standard rate cards applicable to individual platforms. IPSOS estimates do not cover all countries in the region and were not fully considered for the triangulation.

To develop the NU-Q Advertising Revenues Estimate, triangulation was used based on estimates provided by PARC, ZenithOptimedia, industry experts, and interviews with media-buying agencies and media owners across the region.

Across platforms, discount rates between 40 and 50 percent are generally applied to the official price list, with TV, in particular, offering the highest discount rate at 80 percent. NU-Q’s standard market estimate takes these high discount rates into account.

In the case of digital advertising, given the dynamic nature of the platform, an estimate for digital ad spend was developed separately. It is largely based on interviews with stakeholders across media-buying agencies and media houses. Finally, our estimates for digital advertising have been sense-checked with industry experts, as well as against the relative share of digital advertising spend in MENA’s total advertising market and its development over the last few years.

The MENA region’s advertising market today, according to our NU-Q Ad Revenues Estimate, seems to be worth USD 5.5 billion in net advertising spend in 2015. Over the past five years, the industry has shown stable but small growth. From 2010 to 2015, this growth remained a modest 2 percent (of CAGR). This is consistent with the growth estimates of various MENA media industry reports that have covered the advertising market over the past five years.

The stale growth in MENA is largely due to the sluggish transition from traditional to digital media ad spend, compared to markets of other regions. Many of the possibilities of digital have not been realized, despite high digital consumption and the value for advertisers. In fact, even in 2015, total ad spend in MENA seems to have decreased, mainly due to a contracting print industry that was not balanced with digital growth. Fortunately, with digital exhibiting one of the fastest growth rates of any platform in the world, there is cause for optimism.
Advertising: Market Size

Television and newspapers continue to drive most of the advertising revenues in the region. Combined, they still collect more than USD 4.1 billion, about 80 percent of all ad revenues, illustrating local advertisers’ ongoing reliance on traditional media platforms. While television advertising has increased somewhat since 2010, newspapers’ ad revenues have slightly eroded.

Digital media, standing at USD 550 million, still only represent about 10 percent of the region’s advertising revenues. Despite the increasingly strong use of digital platforms among customers, the adoption of digital ad spending has been slow.

Although consumers only spend 10 percent of their time on print media, that platform still receives 30 to 40 percent of total ad spend. Despite consumers spending about 30 percent of their media-use time in digital venues, digital-only has a 10-percent share of ad revenues. The allocation of those revenues is therefore considerably out of line with audience consumption trends and highlights the inefficiency of ad spend allocation in the market.

Across the digital space, there are a number of examples of the inefficiency in ad spend allocated. For instance,
social media have become very popular among MENA populations, yet ad spend on those media has not kept pace. Industry experts estimate that online ad spending on social media platforms, including giants like YouTube, is as low as 30 to 40 percent – far lower than in the Western world.

On average, MENA has one of the highest penetration rates of smartphones in the world, yet mobile ad spend is very low. Despite the fact that an estimated 70 percent of online ads are viewed on mobile devices, industry practitioners estimate that 6 percent of total ad expenditures, at most, is dedicated to mobile platforms. In segments such as online video, between 60 to 70 percent of traffic is generated from mobile as opposed to desktop, suggesting the potential of mobile advertising has not been fully realized.

There are a number of reasons behind the slow increase of ad spend on digital. Across MENA, there is a strong preference among local clients to continue using traditional platforms, especially outdoor advertising and newspapers, tendencies that seem stronger among government and semi-government organizations. One important factor inhibiting greater uptake of digital ads could be a lack of understanding of what digital marketing entails; lower Internet connectivity is an impediment in the Levant and North Africa. In addition, lower profitability of digital campaigns (despite higher commissions for clients) is also keeping MBUs from allocating ad spend to digital platforms as opposed to traditional ones.

Fortunately, the market is responding. Digital media continues to grow at an impressive rate: 39 percent CAGR from 2010 to 2015, compared to only 5 percent for television and 5 to 6 percent for newspapers and magazines. Even with more conservative digital growth of 20 percent CAGR for the next few years, digital is still expected to overtake newspapers as the second largest media ad platform by 2020.

Ad spending by country has remained fairly stable over the past five years. Pan-Arab ad spend remains dominant, retaining both the highest share of ad spend (50 percent) and the largest growth rate, with a CAGR of 9 percent from 2010 to 2015. The scale of this growth has expanded Pan-Arab advertising market share by 15 percent from 2010 to 2015, at the expense of advertising in individual MENA countries.

The rise of Pan-Arab is primarily due to its relevance in regional television and digital media. These platforms attract audiences from across the Arab world, and are therefore virtually Pan-Arab in nature. Magazines also include Pan-Arab content (35 percent of their ad revenues) to some extent.

The UAE and Saudi Arabia – two key GCC markets – each represent 11 percent of regional ad spend. Egypt is the third largest market, accounting for 7 percent of ad spend. The remaining MENA countries, with much smaller populations, each represent 5 percent of ad spend or less.

The slight decline in MENA country ad spend is tied to weaker print media sectors. Print media content is often country-specific in nature and has therefore attracted little Pan-Arab ad spend. The same seems to be true for radio, outdoor, and cinema.
Advertising: Platform & Country Analysis

While MENA’s advertising industry is following the global advertising market in terms of its structure, it is several years behind in sophistication. A number of emerging advertising trends and innovative technologies that are in place in the advertising industry across the world have yet to take hold to the same degree in the MENA region. This is particularly true for digital services.

The application of data adoption and automation trends to new automated advertising techniques is a good example of this. Globally, data adoption is increasing significantly, with programmatic buying (defined as digital ad space bought and sold via a computerized online auction – an effective way of distributing highly targeted ads) becoming increasingly widespread (42 percent of global display-related spend) and providing agencies with more precise and insightful measurement tools to gauge ad effectiveness.

While ad agencies and MBUs are slowly adopting more sophisticated measurement and data systems in the region, programmatic is still limited at 15 to 20 percent of digital ad spend, which remains behind Western markets. Still, MBUs are further along than ad agencies. Programmatic buying requires a large investment and has a steep learning curve. Additionally, there is a lack of specialized talent in the region, though some regional agencies specializing in programmatic buying have emerged, and large multinational agencies have begun acquiring them (such as Publicis’ acquisition of LBi to
across the world, mobile has increasingly become the first screen of interaction (40.2 percent of digital media spend in 2015) and agencies are redesigning campaigns to cater to this form of distribution. In MENA, despite very high smartphone usage, especially in the GCC, the region has been slow to adopt mobile-specific ads. Mobile spend remains at about 20 percent of digital ad revenues, a small share compared to its potential reach. Industry practitioners estimate that no more than 6 percent of total ad spend is dedicated to mobile platforms, even though 70 percent of ads viewed are on mobile. Meanwhile, marketers in the U.S. are allocating more than 50 percent spend on mobile versus on desktop.

A majority of industry revenue will likely continue to come from traditional media (newspapers and TV were 14 percent and 39 percent of global ad spend in 2014, respectively) with business models adapting to the changing landscape. In the Middle East, newspapers and TV continue to be extremely popular, more so than in the West, especially among government clients – newspapers and TV collected 31 percent and 51 percent of MENA ad spend in 2014, respectively.

The region also lags in non-advertising forms of marketing, such as brand content, product placement, sponsorship, and native advertising (estimated at 5 percent of marketers’ spending in 2015). In the region, native advertising and brand content are only beginning to be adopted, and the market is nascent (less than 5 percent of the digital market).

Globally, native advertising, using brand-sponsored content on media platforms, typically, but not exclusively, on news sites is emerging as an important new revenue source (already 14.7 percent of digital spend in the U.K.). However, its uptake in the region has been slow and still makes up a negligible portion of digital revenue. Clients in the region have typically viewed the shift to digital advertising as simply moving traditional banner ads onto a website, without considering additional options digital platforms provide. The current native ad spend in MENA is estimated by experts to be 7 percent of digital spend at most.

Integration of ad campaigns in the region is also limited, with a stubborn focus on look-alike ads, rather than those utilizing strategic benefits of different platforms. The region is still behind in multi-platform campaigns, but ads in the region are increasingly run across multiple channels. The platforms used vary depending on the campaign and the client, but most large campaigns incorporate at least some digital components. The level of integration within these campaigns is often limited. For the most part, “integrated” campaigns are still primarily created to “make everything look the same” rather than “make everything work toward the same goal.”

Understanding how agencies buy media today is not simple. It is certainly not as simple as it was before the rise of digital advertising. Agencies have challenges when considering media choices, as measurement is increasingly difficult to trust – more than 35 percent of all traffic on the Web is considered fake, more than 30 percent of all online ads are unseen, and about 20 percent of all users have installed ad-blocking software. This also extends to television, as about 90 percent of those who own digital video recorders (DVR) skip ads. The Arab region is no exception.

Advertisers are moving from paid attention to paid involvement, which allows for more precise measurement. Theories in psychology have shown that involvement enables the alignment of thoughts and feelings, hence interactive advertising leads to favorable actions toward brands. Interactive advertising enables earned media that occurs when people share content peer-to-peer. Advertisers may also refer to influencers for positive evocation. These influencers, usually bloggers, have no rate cards and are paid based on their popularity and reach. Most popular Arab influencers are based in the GCC, but also in Egypt and Lebanon, and offer both rates of the reach in large markets.

Social media represent another strand that has influenced the apparatus of advertising. In countries such as Saudi Arabia and Qatar, brands attract a disproportionate number of followers to their social media channels. In Qatar, for instance, among the popular social media platforms that users liked or accessed, more than 40 percent are those of brands. Social media have created conversations and relationships between people and brands like never before, but they can be difficult to grasp due to so-called “dark” social that accounts for more than 50 percent of social shares, and that adds to the multimodal complexity of media research.

By Ilhem Allagui
Associate Professor in Residence, Journalism Program, Northwestern University in Qatar
Overview

Ramadan is a very important time for television in the Middle East. The Holy Month sees a large viewership and a focus on scripted programming – a departure from the more even split between scripted and non-scripted content during the rest of the year. There is also a surge in the popularity of Arabic series – especially dramas – and production is ramped up to allow for new episodes of major programs to be released every day of the month. The most popular shows during Ramadan tend to be broadcast after Maghreb prayer, with a concomitant increase in average advertising prices (although advertising prices tend to be significantly higher throughout the whole month, compared to non-Ramadan rates).

The focus on Arabic content also has an impact on production locations. For instance, Turkey’s typically large share of the series market disappears completely, whereas Egypt, the UAE, Syria, and Saudi Arabia all experience a substantial increase in shares.

Average Rate Card Price for a 30-Second Spot (USD), 2015

<table>
<thead>
<tr>
<th>Time</th>
<th>Ramadan</th>
<th>Non-Ramadan</th>
</tr>
</thead>
<tbody>
<tr>
<td>12:1 PM</td>
<td>1,972</td>
<td>2,170</td>
</tr>
<tr>
<td>1:2 PM</td>
<td>2,073</td>
<td>2,036</td>
</tr>
<tr>
<td>2:3 PM</td>
<td>2,636</td>
<td>2,730</td>
</tr>
<tr>
<td>3:4 PM</td>
<td>2,744</td>
<td>3,032</td>
</tr>
<tr>
<td>4:5 PM</td>
<td>3,014</td>
<td>5,221</td>
</tr>
<tr>
<td>5:0 PM</td>
<td>5,221</td>
<td>8,418</td>
</tr>
<tr>
<td>6:1 PM</td>
<td>7,946</td>
<td>10,714</td>
</tr>
<tr>
<td>7:2 PM</td>
<td>12,754</td>
<td>12,074</td>
</tr>
<tr>
<td>8:3 PM</td>
<td>12,074</td>
<td>12,074</td>
</tr>
<tr>
<td>9:4 PM</td>
<td>10,714</td>
<td>12,074</td>
</tr>
<tr>
<td>10:5 PM</td>
<td>6,722</td>
<td>6,722</td>
</tr>
<tr>
<td>11:6 PM</td>
<td>6,563</td>
<td>6,563</td>
</tr>
<tr>
<td>12:7 PM</td>
<td>5,818</td>
<td>5,818</td>
</tr>
</tbody>
</table>

Notes: Channels analyzed – MBC I, CBC. For each time slot, the above reflects the gross cost of a 30 second ad. Source: Arab Advisors Group (2015)
Content & Production

Ramadan content is characterized by an abundance of Arabic-scripted series material – created especially for Ramadan – due to the large viewership throughout the month. Three-quarters of all programs shown during Ramadan are scripted, compared to about half during the rest of the year. This may be due to the presence of major social and cultural shows, such as “Taratata,” “Arab Idol,” and “Arabs Got Talent,” that typically do not air during Ramadan. Drama is by far the most popular category. Prayers and religious programs also increase substantially, accounting for an average of eight hours of programming per week during Ramadan, versus two hours during non-Ramadan months.

Ramadan TV programming schedules contain more scripted content

<table>
<thead>
<tr>
<th></th>
<th>Non-Ramadan</th>
<th>Ramadan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of shows</td>
<td>103</td>
<td>47</td>
</tr>
<tr>
<td>Non-Scripted - Social and Cultural Shows and News</td>
<td>54%</td>
<td>77%</td>
</tr>
<tr>
<td>Scripted - Series, Movies, and Religious/Prayer Programs</td>
<td>46%</td>
<td>23%</td>
</tr>
</tbody>
</table>

TV stations prepare heavily for this period and will often broadcast a new episode every day for the month as opposed to once a week, which is typical for the rest of the year. However, the share of reruns versus first-run shows is also larger during Ramadan as channels tend to show reruns on the same day so viewers can catch missed episodes of newly released series. Contrary to common belief, the number of different series during Ramadan is smaller than the rest of the year – there are fewer series aired but with a higher frequency during Ramadan. Several shows that proved successful in 2014 were continued in 2015, such as “Ramez Qarsh Al Bahz,” “Bab Al-Hara,” and “Horof Wa Olof.”

The production of series is more heavily concentrated to specific locations compared to the non-Ramadan period. More Arabic content is produced, while Egypt and the UAE see their share of production surge, as they are by far the most important locations for the production of programs shown during Ramadan.
The popularity of Arabic series during Ramadan is reflected in the fact that episodes are broadcast daily and these have a larger share of audience, compared to weekly series. The popularity of Arabic-language TV channels in general also increases during this period. The top 10 channels become reordered, with MBC channels dominating the top 5 list during Ramadan 2015. Several of the usual top 10 channels that are not Arabic, like MBC Bollywood, MBC Action, and MBC Max, disappear from the top 10 during Ramadan. Additionally, channels primarily airing news and movies decline in their share of audience during the month of Ramadan.
Advertising

During Ramadan, more advertising is aired on TV than during the non-Ramadan period, with an average of three to four more ads per hour. Logically, the average number of ads is slightly higher during peak viewing times, though there is a dip during the Maghreb prayer time, which does not exist at other times of the year. Additionally, advertising slots tend to be longer during Ramadan, especially after the evening Maghreb prayers. Following the trend of increased viewership and frequency of ads purchased during Ramadan, the price of commercials is much higher than during the non-Ramadan period – a 30-second spot costs between 190 and 350 percent more. Of course prices during peak times are especially high, as the highest-rated programs are mostly aired after the Maghreb prayer, with the largest number of viewers.
Ramadan TV: Advertising

More time dedicated to TV advertising during Ramadan, except during Iftar and prayer time

Minutes of TV Advertising per Hour, 2015

<table>
<thead>
<tr>
<th>Time</th>
<th>Ramadan</th>
<th>Non-Ramadan</th>
</tr>
</thead>
<tbody>
<tr>
<td>12-1 PM</td>
<td>8.8</td>
<td>3.2</td>
</tr>
<tr>
<td>1-2 PM</td>
<td>6.2</td>
<td>4.8</td>
</tr>
<tr>
<td>2-3 PM</td>
<td>5.0</td>
<td>3.0</td>
</tr>
<tr>
<td>3-4 PM</td>
<td>6.0</td>
<td>4.5</td>
</tr>
<tr>
<td>4-5 PM</td>
<td>5.8</td>
<td>5.4</td>
</tr>
<tr>
<td>5-6 PM</td>
<td>6.0</td>
<td>5.5</td>
</tr>
<tr>
<td>6-7 PM</td>
<td>6.0</td>
<td>6.2</td>
</tr>
<tr>
<td>7-8 PM</td>
<td>8.0</td>
<td>6.7</td>
</tr>
<tr>
<td>8-9 PM</td>
<td>9.5</td>
<td>9.5</td>
</tr>
<tr>
<td>9-10 PM</td>
<td>8.2</td>
<td>8.2</td>
</tr>
</tbody>
</table>

Note: Channels analyzed - MBC, Al Arabiya, Dubai TV, Abu Dhabi TV. Per each time slot, the above reflects the total time of ads aired during one hour.

Average Rate Card Price for a 30-Second Spot (USD), 2015

<table>
<thead>
<tr>
<th>Time</th>
<th>Ramadan</th>
<th>Non-Ramadan</th>
</tr>
</thead>
<tbody>
<tr>
<td>12-1 PM</td>
<td>7,918</td>
<td>6,722</td>
</tr>
<tr>
<td>1-2 PM</td>
<td>7,042</td>
<td>6,362</td>
</tr>
<tr>
<td>2-3 PM</td>
<td>6,362</td>
<td>6,201</td>
</tr>
<tr>
<td>3-4 PM</td>
<td>6,154</td>
<td>3,033</td>
</tr>
<tr>
<td>4-5 PM</td>
<td>6,040</td>
<td>2,744</td>
</tr>
<tr>
<td>5-6 PM</td>
<td>6,074</td>
<td>2,700</td>
</tr>
<tr>
<td>6-7 PM</td>
<td>11,704</td>
<td>5,588</td>
</tr>
<tr>
<td>7-8 PM</td>
<td>12,074</td>
<td>6,963</td>
</tr>
<tr>
<td>8-9 PM</td>
<td>10,714</td>
<td>6,722</td>
</tr>
</tbody>
</table>

Expert Commentary

Alternatives to TV in a Traditional TV High Season

Television executives and producers are busy for 11 months of the year, preparing for the do-or-die one-month television season: Ramadan. This ninth month in the Islamic lunar calendar is at once a period of religious devotion and a time for the television industry’s best productions. It is a time when viewership soars, advertising rates peak, and television programs become topics of daily conversation. During Ramadan, programmers mostly provide Musalsalat (serials) that emphasize habitual viewing with the use of character development over multiple episodes, cliffhangers, strong emotions, and highly charged plots. Over the last few years, Ramadan programs have become popular with all segments of society: young and old, rich and poor, females and males.

The lifestyle changes associated with Ramadan are profound and affect viewership patterns. Entertainment television channels traditionally compete over the rights for the latest in Turkish, Egyptian, Syrian, and Gulf dramas – with increased production in UAE and Saudi Arabia. They also compete against government-owned television channels that tend to offer programs with “extra local flair” – usually religious and social programming. Television schedulers stack their programs around the breaking of the fast, Iftar, when television primetime begins and the Musalsalat stretch late into the night. Such traditional approaches are threatened by an increased digital presence of these expensive programs. Since 2008, a number of legal (e.g., Shahid.net, YouTube Ramadan) and illegal (pirated DVDs) platforms have become available for “differed viewing.” For television channels, the level of investment necessary to acquire exclusive rights for programming is at its peak. For advertisers, the ability to commit already limited budgets in volatile markets is compounded by a potentially split audience and a viewership that is increasingly able to go online. With more opportunities for anytime/anywhere viewing of Musalsalat, Ramadan television rituals may just be radically changing.

By Joe Khalil
Associate Professor in Residence, Communication Program, Northwestern University in Qatar
Religious TV

Sunni-affiliated channels are still the most numerous by far, but in recent years the number of Shia and Christian channels—and countries that host them—has more than doubled.

In this chapter:

- Overview
- Channels
- Expert Commentary: “The Politics of ‘Non-Political’ Theological TV Channels”
  By Khaled Hroub

Overview

In this section, we look at religious television content in the MENA region. For the purposes of this chapter, religious TV channels are defined as focusing on religious content. This excludes channels that may be associated with religious sects but offer more general programming and would not describe themselves as primarily religious in nature.

Religious channels in the MENA region are approximately 10 percent of all free-to-air (FTA) channels from 2012 to 2014. This is a relatively high share compared to many markets outside the region, such as the U.K., where religious channels only represent 1 percent of FTA channels.

Religious channels increased by 50 percent from 2012 to 2014, keeping pace with other genres such as Sports and Movies & Series, which grew at 14 percent and 19 percent over the same period respectively.

The Arab world is home to more than 315 million Muslims, with a majority presence of Sunnis in all countries except Bahrain, Iraq, and Lebanon. With more than 82 million people, 94 percent of whom are Muslim, Egypt has the largest general and Muslim population in the Middle East. Less than 2 percent of the Muslim population in Egypt are Shia Muslims, while the remainder consists of Egyptians from other faiths (e.g., Coptic Egyptian Christians). The GCC countries also have significant Shia Muslim populations.

The market structure and trends in religious content follow the region’s faith demographics. This is why Sunni
Religious TV: Overview

Muslim channels are more numerous. At an overall market level, 88 percent of religious FTA television channels are focused on Islamic content and the remaining 12 percent on Christian content. Of Muslim channels, 83 percent are Sunni and 17 percent are Shia. The region currently has no FTA TV channels dedicated to other faiths.

Growth in religious channels remains driven by the Sunni Muslim sub-segment, which contributed almost half of new religious channels (12 out of 25 from 2011 to 2014). At the same time, the region is also seeing significant growth in Shia and Christian channels. Over the same period, the number of Shia channels more than doubled from 5 to 11, and the number of Christian channels expanded more than four-fold from 2 to 9.

The KSA and Egypt, two of the region’s most populous countries, host a relatively high 28 percent and 17 percent of MENA’s religious FTA channels, respectively.

Lebanon has emerged as a headquarter for religious TV, having introduced five new religious FTA channels between 2012 and 2014. The growth in Shia and Christian channels has come in part from Lebanon, with one of the religiously most diverse populations in the region. Egypt also has a considerable Coptic Christian population segment (more than 5 percent) – one possible explanation for the increase in Christian channels following the regime change in 2013.

Nearly three-quarters of the religious channels from the region offer Arabic content. Like Shia and Christian channels, non-Arabic ones are few but have increased in number significantly, doubling from 2012 to 2014. Growth in non-Arabic channels was led by the increase in English and mixed-language channels, perhaps catering to large non-Arabic speaking expatriate communities in MENA (e.g., India, Pakistan, UK, and U.S.) or possibly to the Islamic world outside the Middle East.

Most religious channels are privately owned, regardless of their faiths. The Sunni Muslim segment has the highest level of government ownership and has seen a slight decrease in private ownership (from 88 percent in 2011 to 85 percent in 2014).

Al Majd, Al Resalah, and Iqraa are the most popular channels, with a cumulative share of audience (SOA) at about 3 percent in the KSA. Anwar, a Shia FTA channel, has significant viewership in Lebanon and Iraq.

Although all of the prominent channels highlighted above are FTA channels, religious television also has a significant presence on pay TV as well. Al Majd is the main example.

Religious content also fares well on other media platforms in the region. A number of radio stations are dedicated to religious programming, especially popular during Ramadan. Al Koran has a number of radio stations and significant listenership in Qatar, the KSA, and Egypt. Radio stations in these countries tend to be owned by the government.

Channels

The KSA and Egypt, two of the region’s most populous countries, host a relatively high 28 percent and 17 percent of MENA’s religious FTA channels, respectively.

Lebanon has emerged as a headquarter for religious TV, having introduced five new religious FTA channels between 2012 and 2014. The growth in Shia and Christian channels has come in part from Lebanon, with one of the religiously most diverse populations in the region. Egypt also has a considerable Coptic Christian population segment (more than 5 percent) – one possible explanation for the increase in Christian channels following the regime change in 2013.

Nearly three-quarters of the religious channels from the region offer Arabic content. Like Shia and Christian channels, non-Arabic ones are few but have increased in number significantly, doubling from 2012 to 2014. Growth in non-Arabic channels was led by the increase in English and mixed-language channels, perhaps catering to large non-Arabic speaking expatriate communities in MENA (e.g., India, Pakistan, UK, and U.S.) or possibly to the Islamic world outside the Middle East.

Most religious channels are privately owned, regardless of their faiths. The Sunni Muslim segment has the highest level of government ownership and has seen a slight decrease in private ownership (from 88 percent in 2011 to 85 percent in 2014).

Al Majd, Al Resalah, and Iqraa are the most popular channels, with a cumulative share of audience (SOA) at about 3 percent in the KSA. Anwar, a Shia FTA channel, has significant viewership in Lebanon and Iraq.

Although all of the prominent channels highlighted above are FTA channels, religious television also has a significant presence on pay TV as well. Al Majd is the main example.

Religious content also fares well on other media platforms in the region. A number of radio stations are dedicated to religious programming, especially popular during Ramadan. Al Koran has a number of radio stations and significant listenership in Qatar, the KSA, and Egypt. Radio stations in these countries tend to be owned by the government.
Number of religious TV channels increased in most focus countries, and at a similar rate to FTA channels overall

Number of Religious Free-to-Air TV Channels by Country of Headquarters

<table>
<thead>
<tr>
<th>Year</th>
<th>KSA</th>
<th>Egypt</th>
<th>Sudan</th>
<th>UAE</th>
<th>Kuwait</th>
<th>Syria</th>
<th>Other Arabic Speaking</th>
<th>Other Non-Arabic Speaking</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>11</td>
<td>8</td>
<td>3</td>
<td>18</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>13</td>
<td>5</td>
<td>5</td>
<td>24</td>
<td>7</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Arab Advisors Group (2016)

Expanded variety of languages in religious TV channels in recent years

Language of Religious Free-to-Air TV Channels Available in MENA

<table>
<thead>
<tr>
<th>Language</th>
<th>2012</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arabic</td>
<td>44</td>
<td>55</td>
</tr>
<tr>
<td>English</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Persian</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>French</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Mixed</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>


Source: Arab Advisors Group (2016)
Expert Commentary

The Politics of “Non-Political” Theological TV Channels

Researching religious TV broadcasting in the Middle East is perhaps one of the most challenging areas in media studies. The list of challenges spans agreement on a clear definition, consideration of content and agenda, close examination of ownership and related political economy, and investigating audiences. All this should always be explored against the given context in time and regional politics. Starting with the definition, a bold demarcation between purely “theological” and “non-theological” religious channels is extremely difficult, if ever possible.

In a volatile, regional atmosphere marked by sectarian politics and Saudi/Iranian rivalry, state and non-state actors deploy whatever they have at their disposal to the “battlefield” – including the media, religious, and otherwise. Such a context impacts religious media at various levels. Theological argumentation is used in ways that seem to be politics-free, where in fact messages of political and religious de-legitimization are delivered against rivals. Similarly, state and non-state involvement are active either to set up religious channels at different arm lengths from the real founders or to exert full or partial control of existing ones. The official statements made by the vast majority of these channels are, however, to claim private ownership.

Emphasizing the context of any given time or study is imperative. If today’s sectarian regional context is immensely crucial in locating the right position of religious broadcasting, another state-exploited context for religious channels was created in previous years. Then, dozens of “theological” and allegedly apolitical channels were founded in or by states such as Saudi Arabia and Egypt. The intentions behind setting up these channels were to keep the youth in a controlled and pacified religious sphere, fending off the lure of politicized religious calls and groups.

The last (but not least) challenge that needs to be kept under close scrutiny in the Middle East is the outreach and the audiences of religious channels. Despite their mushrooming, the ratings and viewership of these channels seem to stay modest, compared to news and entertainment channels in the region. I would confidently argue that the viewership of the top-10-rated religious shows on these channels put together would not beat the highly popular “Arab Idol” on the MBC, one of the most leading entertainment channels in the region. The increase in the number of religious channels is, thus, not reflective of real market demand.

By Khaled Hroub
Professor in Residence, Northwestern University in Qatar
Appendix A: Methodology

Systematic, comprehensive, and reliable data about media industries in the MENA region are rare and those that do exist are often not publicly available. This is why the information presented here is a collection of vetted official data: figures collected by media monitoring companies, data reported by media enterprises, raw data provided to us by media enterprises, our own individual tallies, and interviews with industry leaders and insiders with unique insight and knowledge of the subject matter.

We investigated the media industry in two samples of countries:

• First, we looked at five focus countries that best represent cultural similarities and differences within the Arab world – the UAE, Saudi Arabia, Qatar, Lebanon, and Egypt. The UAE, Lebanon, and Egypt are hubs for media and content in the region. The KSA is the biggest market in the region by many measures. Qatar was included as it is the location of our university and a media scene most relevant to NU-Q, its administration, faculty, and students. But our interest in this country is not simply a parochial one. Qatar has one of the highest Internet penetration rates in the Arab world – and internationally. NU-Q has conducted surveys in these five focus countries since 2013 to gauge detailed information about how inhabitants use and evaluate media and communication channels of all sorts.

• Whenever possible, we also present information about the MENA region as a whole. It includes nine countries in addition to our five, including Morocco, Algeria, Tunisia, Kuwait, Bahrain, Oman, Jordan, Libya, and Yemen.

For the collection of much of the data for this report, we worked closely and interactively with Monitor Deloitte, Dubai. Deloitte’s task was twofold:

1. To assemble the most recent information about the media and communication industries and, whenever possible, recent trends. The data collection process started and took shape through a list of fundamental questions put together by NU-Q and DFI after consulting with internal and external experts, including those at Monitor Deloitte.

2. Once the best available data were collected for each subject area, NU-Q and DFI vetted the materials. In conversation with Deloitte, we planned and executed a program for updating and verifying existing data, gathering or producing new data through interviews, making special requests for information from companies and individuals, and production of previously non-existent or unavailable information.

Analyzing, interpreting, and structuring the final data for the report was led by NU-Q, in close consultation with DFI (primarily for film-related chapters) and Monitor Deloitte. Monitor Deloitte also conducted a final fact-check of content in all chapters except for Independent Film – the only chapter for which they were not involved in any of the data collection.

Methodologies used for data specific to individual chapters are discussed in the notes sections of those chapters.
Appendix B: References

Many of the findings in this study were based on analyses of existing published data. Below are the sources of these datasets, as referenced in charts throughout the report.


Appendix B: References


