

Lured by youthful demographics and petro-dollars, western media are flocking to the Middle East, reports **Kate Bulkley**

# TV prospec



Nickelodeon character SpongeBob SquarePants poses outside the Burj al-Arab hotel in Dubai

**D**o you want lots of investment in new TV shows and channels and a host of media companies vying for ad dollars and audiences? Do you want an exciting and fast-growing youth market? Where would you go? China, India, Brazil or even Russia? Well, here's another option – the Middle East.

The Middle East is a highly complex and politically sensitive region with no fewer than 35 Arabic regional dialects. But with the rising price of oil, it is awash with petro-dollars and keen to diversify. It also has a burgeoning youth market – a quarter of its population (some 120 million people) is under 25. Little wonder that Viacom has signed a deal with the largest media group in the United Arab Emirates, Arab Media Group (AMG), to launch an Arabic version of MTV in November.

MTV is not the only media story being written in the Middle East. In September Warner Bros announced a wide-ranging partnership with local real-estate developer Aldar and the Abu Dhabi Media Company that includes a \$500m feature-film production fund. Meanwhile, in early October, Endemol opened a Middle East production office to build on the success of its current hits in the region: *Star Academy*, *Fear Factor* and *Deal Or No Deal*.

So why are western TV companies so keen to establish a foothold in this most volatile of regions? "You want to be there at a time when there is a real change happening in the region," says Mike Morley, senior executive director, commercial and creative affairs at Endemol International. "Right now there is an expansion of channels and growing broadband penetration and an improving telephone infrastructure.

"We did our research on GDP growth and advertising revenues and how the market is skewing younger. When you put all those factors together it is a really good time for us to move into the Middle East and build on the relationships we have been building there for four or five years."

## Importing your way into trouble

Big media may be heading eastward, but the Arab region is notoriously difficult to crack. Getting your head around the cultural and religious sensitivities is difficult even with good local advice. In the past many media projects driven by western companies have had only mediocre results or failed completely.

Endemol is well aware of the pitfalls of the Middle East. It had a disastrous time with a local version of *Big Brother*, which led to people protesting in the streets when it aired in 2004 in Bahrain. Even after modifying the show to reflect local sensitivities, the idea of having men and women effectively locked up together in the same house was unacceptable.

Getting the commercial side right is also far from straightforward. Viacom has been a 20% owner of the direct-to-home pay-TV company, Showtime Arabia, for more than a decade, but the Middle Eastern pay-TV business has been painfully slow to develop.

Showtime Arabia splits the market with other pay-TV platforms – Orbit, ART and al-Jazeera; the latter runs two pay sports channels in addition to its free-to-air news service.

Collectively, these operators have just 1.5 million subscribers and growth has plateaued in the past few years. A planned Showtime Arabia public share offer was pulled in

# tors eye up Arabia

2006. By launching MTV Arabia, Viacom and its partner, Arab Media Group, hope a free-to-air service that takes account of local cultural considerations will be a more effective formula for success.

MTV Arabia will definitely not be Beyoncé in a burka, promises MTV. Nonetheless, the new Arabic-language channel will push the cultural envelope to some degree because that is what MTV does. Bill Roedy, president of MTV International, explains: "MTV being what it is, there will be some edginess to it but it has to be respectful of local culture. That is why we are having a call to prayer every Friday on the channel and why there will be an interpretation of Ramadan in a youthful-generational way. Hip hop happens to be very big in the region so we'll do that, too."



## Free for all

There are many free-TV channels in the region: 370 at the last count, according to Arab Advisors Group in Dubai. The TV advertising market is worth a reported \$2.5bn to \$3bn and is growing at an annual rate of 27%, but there is huge discounting in the region, sometimes up to 60% off the rate card, according to some local players.

Moreover, there is no established TV ratings system. Advertisements are sold against shows that are deemed good by the influential ruling families in the region, said one local media source.

"TV advertising has started to pick up but it is very, very slow and it is very cheap relative to the UK," says Azhar Malik, vice-president of marketing at Showtime Arabia. "It is eight to 10 times more expensive in Europe for a 30-second spot. And the top 15% of all the free-to-air channels take 90% of the ad revenues."

For MTV, there is already a lot of potential competition, with some 54 music channels in the region, playing a mix of local and international tunes. But the CEO of Arab Media Group (AMG) Abdullatif al-Sayegh says MTV Arabia is not going head-to-head with the local rivals.

"We are not mostly a music channel – we will start with 40% music but that will fall very soon to 35%," says al-Sayegh. "Music is filling a lot of the gaps but it is not essential." MTV Arabia will locally produce 25% of the channel,



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Abdullatif al-Sayegh

including a hip hop strand. All the VJs will be Arabs.

Al-Sayegh admits that much of the MTV library, such as *Pimp My Ride* and *Cribs*, must be edited to take account of local sensibilities. However, he insists there are hundreds of hours of material that are "perfectly fine in this region".

"Lifestyles have changed dramatically in the past 15 years," he adds. "The young people have changed the way they dress and the way they shop and go out. The young people want a channel where they can express their creativity."

## Partnership means never having to say, Oops, sorry

Al-Sayegh also believes that attitudes are changing across the Arab population as a whole but, given the existence of fundamentalist religious groups, everything on the channel must be carefully vetted. This is being done by Viacom's partner, AMG, a company controlled by Sheikh Mohammed bin Rashid al-Maktoum, the vice-president of the UAE and the ruler of Dubai.

"The meaning of controversial has changed," says al-Sayegh. "Just showing the body of a woman or certain sensual elements is no longer always a problem, but if you see people lying in bed in a sensual way this we will not show. We have

to respect the people living in this part of the world."

Al-Sayegh says there are many projects being contemplated as part of MTV Arabia, including a \$500m scholarship fund for Arab students to attend a university of their choice. "MTV Arabia is not only a music channel or another TV channel. We are helping to groom and grow and support all the youth and make a future with them," he explains.

Viacom is not stopping with MTV Arabia. A local version of Nickelodeon is in the pipeline for 2008 and there are plans to feature Nickelodeon stars such as SpongeBob SquarePants in



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Dubai's new entertainment theme park, Dubailand.

MTV's Roedy emphasises that the MTV and Nickelodeon channels are part of a big, committed push into the Middle East. "We are talking about themed hotels, theme park segments, consumer products and films, so it's a holistic approach to Dubai and to the Arab world," he says. "I feel completely confident and committed about this region. It's booming." ■