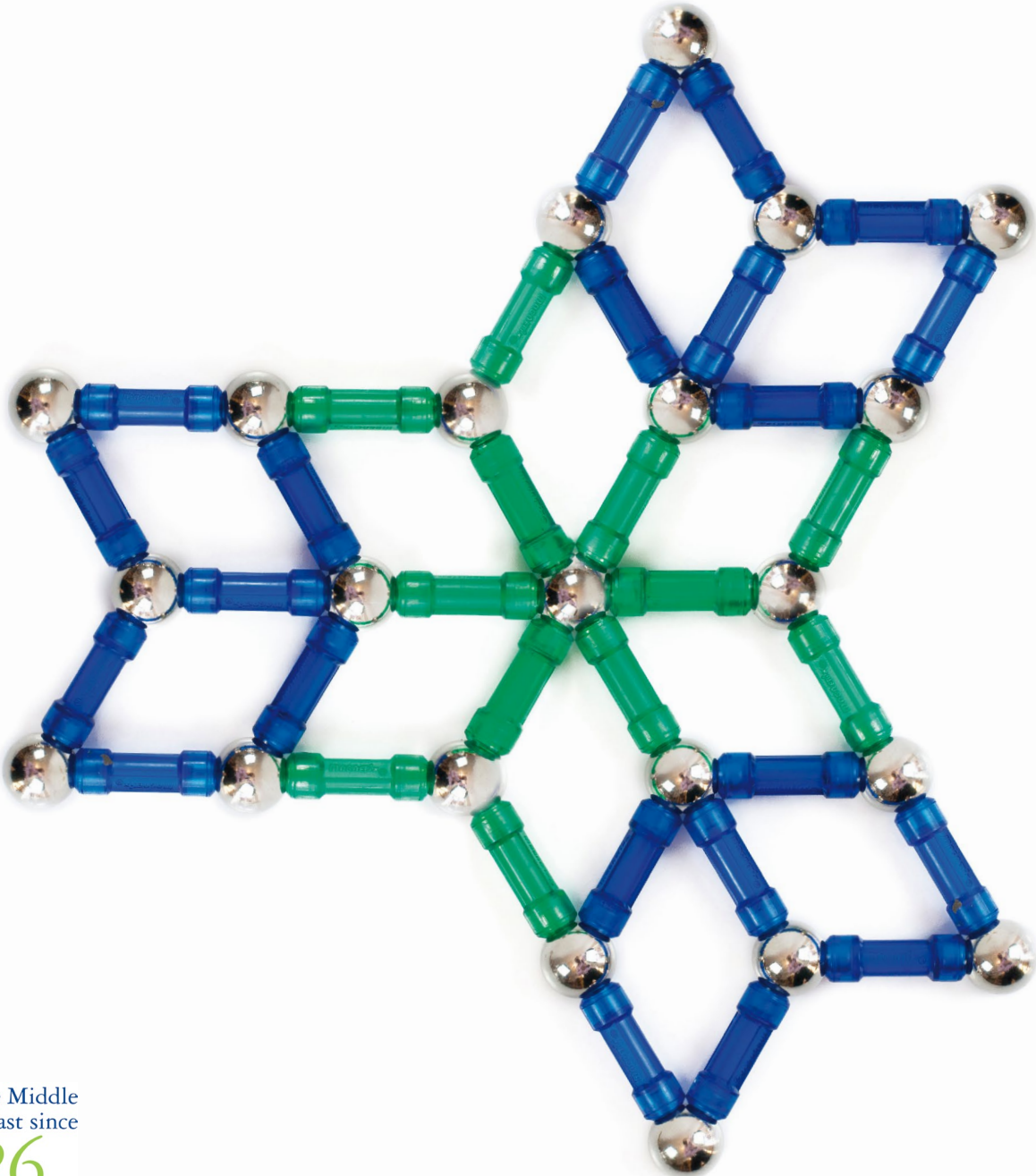


Technology, Media &  
Telecommunications  
Predictions 2014  
Middle East



# Doubling up on pay-TV

Deloitte predicts that by the end of 2014 up to 50 million homes around the world will have two or more separate pay-television subscriptions, with the additional subscriptions generating about \$5 billion in revenues<sup>237</sup>. A further 10 million homes will receive premium programming as part of their subscription to another service, such as broadband<sup>238</sup>. Over the coming years, the number of households with multiple subscriptions should continue rising, as more content owners and aggregators, including platform owners such as cable and satellite providers, make their content portfolios available via subscription video-on-demand (SVOD) delivered 'over-the-top' using broadband connections. A further stimulus to the market will be the increasing availability of inexpensive HDMI dongles, which connect TV sets to the web.

Most of these 50 million households will have just two pay-TV providers, typically one platform-based (satellite, cable or IPTV) service and a secondary SVOD service, but about five million may have three or more providers<sup>239</sup>. By the end of 2015, twenty percent of homes in selected markets will have three or more pay-TV subscriptions, as more rights owners make their content available via video-on-demand (VOD), as broadband speeds increase<sup>240</sup>, and as premium programming is increasingly used as a customer retention tool<sup>241</sup>.

This trend is counter to historical expectations of 'cord cutting', whereby households would either drop their pay-television subscription altogether, or replace their platform-based subscription with a SVOD package<sup>242</sup>. Cord cutting has been anticipated for the past decade: in surveys, a significant proportion of pay-TV subscribers have signaled their intent to cease subscribing, yet year after year these intentions have failed to materialize, and the base of pay-TV subscribers has remained constant or even continued to rise in many countries, even in markets with a high pay-TV base such as North America, where over 90 percent of homes have pay television<sup>243</sup>. Overall, platform-based pay-TV has continued to grow in size, with 895 million homes paying \$245 billion in 2013, and revenues expected to reach \$287 billion in 2017<sup>244</sup>. Although SVOD services have been growing, it appears that customers are continuing to subscribe to platform-based pay television, and adding SVOD to make a 'content stack'.

In markets where there are multiple platform-based providers of pay-TV, some of the players – be they satellite, cable or IPTV-based – are beginning to offer elements of their program portfolio on a SVOD basis to customers of other platform providers<sup>245</sup>. A cable TV customer may want both the high broadband speeds available via digital cable and also some of the content only available from a satellite provider; this customer could access the provider's content via an additional SVOD subscription, rather than purchasing a more expensive platform-based subscription.

## The pay-TV story in the Middle East

The market for pay-TV in the Middle East is quite small. Household penetration of pay-TV is estimated to be only 6 percent in 2013<sup>246</sup>. However, in recent years, the region's pay-TV subscriber base has gathered pace. Pay-TV subscribers in the region are estimated to have reached over 3 million in 2013, with some analysts expecting it to reach as much as 6 million by the end of 2018. This represents healthy double digit growth over the past year and in quite a few years to come<sup>247</sup><sup>248</sup>. One of the largest pay-TV providers in the region, Qatari based beIN Sports recently claimed an impressive 26 percent growth in its subscriber base in 2013 over 2012<sup>249</sup>. The growth reflects the developing appetite for pay-TV in the region.

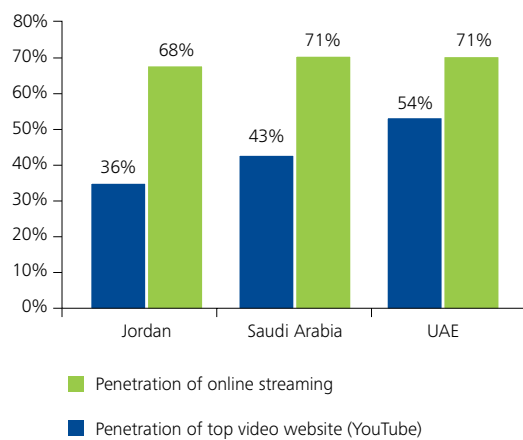
## The Middle East SVOD space

SVOD as a proposition in the Middle East is reasonable and could gain traction. Viewers in the region are likely to find many aspects of SVOD appealing. The most important of which is the quality of content offered and its price. The fact that SVOD offers exclusive content that is not available on TV, such as classics or archived content (no longer screened on TV), is a key selling point. With prices comparable to cinema tickets, SVOD services are also affordable for many viewers. Through connected devices such as smart TVs, smartphones, tablets and PCs, SVOD services offer a major convenience factor as well, enabling content to be accessible from anywhere at anytime.

VOD and SVOD has been in the Middle East market place for some time, with MBC's Shahid.net originally establishing itself in 2007 and re-launched in mid 2011 as the first VOD service<sup>250</sup>. A number of region specific proxy indicators suggest that there is market potential for SVOD, with the sizeable penetration levels of online streaming and YouTube in the region.

The fact that viewers in the region have adopted online video in addition to conventional television shows a market potential for SVOD as a secondary viewing service. Surveys of the region's Generation Z's (aged 16-24) have also indicated their willingness to pay a premium to receive shows on demand<sup>251</sup>. The success of Shahid.net in Saudi Arabia, where the majority of their subscribers are based, and who are reportedly considering SVOD, is a good example of this<sup>252 253</sup>.

**Figure 9: Online video penetration indicators (2012-2013)**



Source: Deloitte research & analysis<sup>254</sup>

So far, SVOD has seen the most success in the more connected Gulf States, namely the UAE and Saudi Arabia. The UAE with the highest pay-TV penetration is the relatively more mature market in the region. Saudi Arabia is the largest market, firstly due to their large population base and secondly due to the lack of conventional entertainment facilities such as Cinema that are available in neighboring countries. Although there is sizeable market potential, the SVOD market size is still small and in its infancy.

However, new players are emerging across the Arab world, seeking to tap into the region's SVOD market. Following Shahid.net's success in their initial VOD offering, new SVOD players such as TE Live have emerged in Egypt. Telecoms operators have had SVOD services for some time such as STC (Shashti) in Saudi Arabia, du (On Demand Club) and Etisalat (eLife video packs) in the UAE and Ooredoo in Qatar are also offering SVOD services<sup>255</sup>.

In the UAE icflix, an online SVOD service offering Hollywood, Jazzwood and Bollywood content, is one of the most recent market entries in 2013. Maroc Telecom in Morocco, is the latest SVOD entry, having just launched the country's first SVOD service at the end of 2013<sup>256</sup>. Even Shahid.net in 2014 are reportedly considering the SVOD business model, given the popularity of its VOD platform<sup>257</sup>. Players from Western markets such as Wherever TV are also offering SVOD services catering towards Arab viewers. US SVOD giants Netflix have also expressed an interest to expand into the Middle East<sup>258</sup>.

---

The fact that viewers in the region have adopted online video in addition to conventional television shows a market potential for SVOD as a secondary viewing service.

### The case for SVOD

It might seem extravagant for a household to double up on pay-television providers. However it reflects a longer-term trend to add to existing packages: rather than sourcing additional packages from other platform providers, thanks to high-speed broadband services customers are now able to source from other content services, often at a price equivalent to adding a minor bundle, typically for less than \$10. So while households may have two providers of video content, the second subscription is at a far lower cost.

This is especially the case in the Middle East, where viewers in general are highly price sensitive. SVOD providers in the region have factored this into their pricing. Although this varies slightly between countries, in general, SVOD packages in the region are priced in the range of \$6-12 dollars per month, around \$8 on average<sup>259</sup>. This is line with western SVOD providers Netflix and Hulu, who charge \$8 for subscriptions to their monthly SVOD offerings<sup>260</sup>. The fact that local telecoms providers have also added SVOD services in addition to their normal TV packages also indicates that providers are responding to a rising regional demand in additional services. For example STC in Saudi Arabia now offers three SVOD packages covering movies, TV series and Kids for \$6-7 per month. Compared to their TV add on packages which are \$13-15 per month, viewers will naturally prefer to pick and choose their additional content with SVOD at the lower price point<sup>261</sup>.

Whilst lower cost SVOD packages are more attractive for consumers seeking additional subscriptions, competition from Free-to-Air (FTA) channels in the region also presents a key challenge to the wider adoption of SVOD and pay-TV in general. With 658 FTA channels and an additional 58 under test transmission as of May 2013<sup>262</sup>, viewers in the region have an abundance of choice. Pay-TV and SVOD not only need to offer differentiated content, but also high quality channels in High Definition (HD) and 3D especially for exclusive premium content such as sports. FTA channels have started offering HD, but may not guarantee the quality of service that pay-TV or SVOD could provide. Viewer demand for quality has fuelled rising pay-TV subscriptions in UAE and Saudi Arabia, two countries which also host the highest number of FTA channels<sup>263</sup>.

It may well also be the case that a member of the household other than the platform-based pay-TV (billpayer) signs up for a SVOD subscription – perhaps without that person’s knowledge. If so, no individual member of a household may be aware of the full range of pay-TV services being subscribed to by everyone in the home.

This is likely to be the case in the Middle East, where households typically tend to be larger than in other parts of the world. Whilst more senior members of a Middle Eastern household are likely to be satisfied with their existing TV package, younger members of the household, who are more active online in the Middle East, are likely to also buy into SVOD services to access video content that is tailored to their choice.

Another medium-term development which lessens the financial impact of a second subscription is that households adding SVOD while maintaining existing pay-TV are substituting spend that would have gone on DVD rental and purchase. Indeed in some markets, the decline in DVD box set revenues matches closely the emerging, rising spend on SVOD<sup>264</sup>.

At the same time, the decline in DVD rentals and purchases in the region is also largely attributed to piracy, another prevalent issue in the Middle East and one which also extends to pay-TV. The scale of the problem is highlighted by a number of analysts, who estimated that piracy cost the Arab pay-TV industry as much as \$500 million each year in lost revenues<sup>265</sup>. Although piracy also causes lower adoption in pay-TV and SVOD in the Middle East, pay-TV operators have taken a number of steps to combat this. Recently developments include Abu Dhabi Media investing in anti-piracy hardware and software, with similar investments by OSN in anti-piracy technology<sup>266</sup>, and beIN Sports latest ‘GO Secure’ anti-piracy campaign requiring viewers to register their smart cards and receivers with beIN Sports to view channels that have undergone new encryption upgrades<sup>267</sup>.

Demand for SVOD is likely to be further increased by the growing availability – with 20 to 30 million units expected to ship in 2014 – of Wi-Fi-enabled streaming dongles that provide access to SVOD services via the HDMI port. TV programs tend to be most appreciated when watched on a TV set rather than on the smaller screens of PCs, tablets or smartphones. However, SVOD on a TV screen requires a connected TV set (still a minority of the installed base of televisions) or a connected device (games console, PC, tablet or smartphone) which acts as a conduit for streamed programming. The Wi-Fi dongles make non-connected TV sets connected, or can free up devices that would otherwise be used as the Internet streaming adapter for a non-connected TV. By the end of 2014, we would expect about twenty content owners to offer access to their content via branded streaming dongles<sup>268</sup>.

SVOD providers have also been quick to take advantage of the proliferation of smart TVs in the region, with partnership agreements already being signed with the big smart TV manufacturers. icflix's recently announced partnership with Samsung and LG allows viewers to download the icflix app onto their smart TV to directly access SVOD content<sup>269</sup>.

We expect subscribers to start accumulating SVOD suppliers because there may be no single company that can offer all the content that all members of a household want. Each SVOD supplier that acquires content, either through original commissions or exclusive distribution deals, is likely to choose content that is most attractive to its customer base.

Regional providers have their own content offerings. For example, Shahid.net, although a currently VOD provider, primarily offers MBC content for Arab viewers, whereas SVOD provider icflix offerings include Bollywood for Asian sub-continent expat viewers<sup>270</sup>. Although the range of content available through different providers will encourage SVOD package accumulation, in the region, we expect this to be limited by the price sensitivity of the consumer. Rather than accumulating a suite of three or four different SVOD packages, the average pay-TV viewer is likely to limit themselves to the one additional SVOD offering on top of their existing pay-TV package.

We would expect a broader range of companies to commission content in the future – not just broadcasters or platform owners, but also technology companies and retailers, or any entity hoping to differentiate its offering through exclusive content; and the cost of exclusive content is so high that no individual provider will satisfy the needs of every household.

The broader commissioning of exclusive content in the region will be driven by existing content gaps, the most significant of which is in the range of Arabic content available. Shahid.net's success not just at home but also with large number of their Arab subscribers abroad emphasizes this. Another significant gap is in premier blockbuster subscription services, similar to those offered by Netflix. There is likely to be fragmentation here, with different SVOD providers specializing in providing various aspects of blockbuster content, depending on the content rights they can afford and secure. There is also opportunity to create media content including localization or dubbing as well as newer emerging formats such as transmedia, which appeals to dedicated fans.

### Bottom line

With the Internet and pervasive broadband, content creation and ownership is now spreading among more and more companies. The rise in the number of entities commissioning content means there will be increasing competition for on-screen talent, writers, producers, and even set designers<sup>271</sup>.

Some part of the growing spend on subscription video-on-demand is substituting for money that would have gone on purchasing DVD box sets. Content providers will need to forecast a changing revenue mix carefully, so as to avoid either under-investing in content, or spending over budget.

Content producers should consider how ever-improving broadband speeds open up new markets for them; they may no longer have to deal directly with platform owners to reach end-users. Content owners should however be cognizant of the implications of selling direct to the end-user, such as the need to provision local network storage and payment options. Further, cutting out a distributor may increase margin, but at the cost of addressable market.

Platform owners should tap into the growing demand for additional pay-TV subscriptions to increase their addressable market, by offering their content over-the-top to those who do not subscribe to their platform service. On-demand subscribers are likely to pay smaller monthly sums than subscribers paying for the platform package; it will be important to balance pricing such that both sets of customers feel they are getting value for money and OTT solutions do not cannibalize the platform base.

The quality of OTT VOD services will be contingent on the quality of broadband for each subscriber. The SVOD provider may have little control over this, aside from allowing the customer to vary the bit rate according to available bandwidth, and advising consumers on how to optimize broadband speeds<sup>272</sup>. Monthly data allowances, where these exist, constrain the number of hours that can be watched for heavier-viewing households.

There is upside for broadband providers, some of which may also be the platform owners. The more VOD watched, especially at higher resolutions, the greater the demand for broadband. Households with a high propensity to use SVOD may well upgrade to higher-speed packages, or may pay more to have higher monthly download allowances. Indeed a major reason for the growth in fiber to the home/cabinet (FTTH/FTTC) connections is likely to be because households want to be able to consume one or more SVOD service at the best available quality.

Broadband providers tapping into the growing demand for SVOD should be aware of viewing patterns, which are likely to resemble those for broadcast television, and build to meet capacity peaks cost-effectively. SVOD companies may need to deploy local caches of video content. Demand for video content may vary by neighborhood, and carriers should use analytics to understanding localized viewing trends, and provision for edge of network storage accordingly.

Cable, IPTV and FTTC broadband services are rivalrous: the more people watching video within an area affects the quality of service for others in the same locality, and video already represents the bulk of capacity usage in many markets. For example, video streaming represents over half of all downstream capacity in North America<sup>273</sup>. Therefore platform-based TV services may always have an advantage when it comes to delivering consistent quality of service to the majority of homes. Although many of the additional pay-TV subscriptions will be delivered via broadband, the need for platform-based service is likely to remain.

### **Middle East perspective**

The markets for both platform pay-TV and SVOD services in the region are evolving together in tandem. This is unlike other regions, where TV developed in a rather linear fashion: platform pay-TV came and penetrated first, followed by the introduction of OTT, IPTV platforms, then VOD and SVOD services as new innovations. In terms of penetration, both pay-TV and SVOD services are in their infancy, and both hold growth potential.

With many SVOD providers in the Middle East, there is no clear winner as yet. However, in due course, we expect more players to enter the region's SVOD space. There are opportunities for broadcasters and telecom operators to partner with each other to offer a compelling proposition. While operators can manage the quality of the customer experience and provide an extensive distribution footprint, broadcasters can leverage access to their vast library of content.

Local SVOD providers need to strengthen the appeal of their offerings by expanding their repertoire of exclusive content if they are to attract a wider subscriber base. Partnerships with content developers to address content gaps and to build online exclusive content could be a competitive advantage. International SVOD players namely Netflix and Hulu with existing expertise and experience could enter the region quickly with market offerings that could dominate the market. Local SVOD players should be wary of this and use their presence in the market to offer the best content and cement their positions in the Middle East before international players enter.

# Deloitte in the Middle East

## ME Regional office

Gefinor Center, Block D  
Clemenceau Street  
P.O. Box 113-5144  
Beirut, Lebanon  
Phone +961 (0) 1 748 444  
Fax +961 (0) 1 748 999

## Consulting

### Regional office

Deloitte & Touche (M.E.)  
Building 3, Emaar Square  
Downtown Dubai  
P.O. Box 4254 Dubai,  
United Arab Emirates  
Phone +971 (0) 4 376 8888  
Fax +971 (0) 4 376 8899

## Enterprise Risk Services

### Regional office

Deloitte & Touche (M.E.)  
Building 3, Emaar Square  
Downtown Dubai  
P.O. Box 4254 Dubai,  
United Arab Emirates  
Phone +971 (0) 4 376 8888  
Fax +971 (0) 4 376 8899

## Financial Advisory Services

### Regional office

DIFC, Currency House  
Building 1  
P.O. Box 112865  
Dubai, United Arab Emirates  
Phone +971 (0) 4 506 4700  
Fax +971 (0) 4 327 3637

## Tax Services

### Regional office

Currency House  
Building 1  
P.O. Box 282056  
Dubai, United Arab Emirates  
Phone +971 (0) 4 506 4700  
Fax +971 (0) 4 327 3637

## The Deloitte ME Islamic Finance Knowledge Center (IFKC)

Al Zamil Tower, Government Avenue,  
Manama, Kingdom of Bahrain  
Phone +973 (0) 1 721 4490 Ext 2018  
Fax +973 (0) 1 721 4550

## Bahrain

### Manama

Al Zamil Tower  
Government Avenue  
P.O. Box 421  
Manama, Kingdom of Bahrain  
Phone +973 (0) 1 721 4490  
Fax +973 (0) 1 721 4550

## Egypt

### Cairo

95 C, Merghany Street,  
Heliopolis 11341, Cairo, Egypt  
Phone +20 (0) 2 2290 3278  
Fax +20 (0) 2 2290 3276

### Alexandria

Madinet El Sayadla  
Building No 10,  
Smouha, Alexandria  
Phone +20 (0) 3 426 4975  
Fax +20 (0) 3 426 4975

### Iraq

#### Erbil

Vital Village, No. 42  
Erbil, Iraq  
Phone +964 (0) 66 257 6200

## Jordan

### Amman

Jabal Amman,  
190 Zahran Street  
P.O. Box 248  
Amman 11118, Jordan  
Phone +962 (0) 6 550 2200  
Fax +962 (0) 6 550 2210

## Kuwait

### Deloitte & Touche Al-Fahad Al-Wazzan & Co.

#### Kuwait City

Dar Al-Awadi Complex  
Ahmed Al-Jaber Street, Sharq  
P.O. Box 20174  
Safat 13062, Kuwait  
Phone +965 2240 8844  
Fax +965 2240 8855

## Lebanon

### Beirut

Arabia House,  
131 Phoenicia Street  
P.O. Box 11-961  
Riad El-Solh, Beirut  
1107 2060 Lebanon  
Phone +961 (0) 1 364 700  
Fax +961 (0) 1 367 087

## Libya

### Tripoli

Tripoli Tower  
P.O. Box 93645  
Tripoli, Libya  
Phone +218 (0) 92 370 1049

## Oman

### Muscat

MBD Area  
Muscat International Center  
P.O. Box 258, Ruwi  
Postal Code 112  
Sultanate of Oman  
Phone +968 (0) 2481 7775  
Fax +968 (0) 2481 5581

## Palestinian Territories

### Ramallah

Al Mashreq, Insurance Building  
P.O. Box 447  
Ramallah, Palestinian  
Controlled Territories  
Phone +970 (0) 2 295 4714  
Fax +970 (0) 2 298 4703

## Qatar

### Doha

Al Ahli Bank Building  
Sheikh Suhaim Bin Hamad Street  
P.O. Box 431 Doha, Qatar  
Phone +974 (0) 4434 1112  
Fax +974 (0) 4442 2131

## Saudi Arabia

### Deloitte & Touche

#### Bakr Abulkhair & Co.

#### Riyadh

Prince Turki Bin Abdullah  
Al-Saud Street  
Sulaimania Area  
P.O. Box 213  
Riyadh 11411, Saudi Arabia  
Phone +966 1 282 8400  
Fax +966 1 282 8428

### Al Khobar

ABT Building, Al Khobar  
P.O. Box 182  
Dammam 31411, Saudi Arabia  
Phone +966 (0) 3 887 3937  
Fax +966 (0) 3 887 3931

### Jeddah

Saudi Business Center  
Madinah Road  
P.O. Box 442  
Jeddah 21411, Saudi Arabia  
Phone +966 (0)1 2 657 2725  
Fax +966 (0)1 2 657 2722

## South Sudan

### Juba

Deloitte Complex, Plot No.160,  
Block 3K-South  
2nd Class Thong Ping  
Residential Area  
P.O Box 511, Juba,  
Republic of South Sudan  
Phone +211 92 000 1024

## Syria

### Damascus

9 Fardos Street  
P.O. Box 12487  
Damascus, Syria  
Phone +963 (0) 11 221 5990  
Fax +963 (0) 11 222 1878

### Rawda

38 Rawda Street  
P.O. Box 12487  
Damascus, Syria  
Phone +963 (0) 11 331 1212  
Fax +963 (0) 11 332 2304

## United Arab Emirates

### Abu Dhabi

Al Sila Tower  
Sowwah Square  
P.O. Box 990  
Abu Dhabi,  
United Arab Emirates  
Phone +971 (0) 2 408 2424  
Fax +971 (0) 2 408 2525

### Dubai

Deloitte & Touche (M.E.)  
Building 3, Emaar Square  
Downtown Dubai  
P.O. Box 4254  
Dubai, United Arab Emirates  
Phone +971(0) 4 376 8888  
Fax +971(0) 4 376 8899

### Fujairah

Al-Fujairah  
Insurance Co. Building  
P.O. Box 462  
Fujairah, United Arab Emirates  
Phone +971 (0) 9 222 2320  
Fax +971 (0) 9 222 5202

### Ras Al-Khaimah

Ras Al-Khaimah, Insurance  
Building, Al-Nakheel,  
Ras Al-Khaimah, UAE  
P.O. Box 435  
Ras Al-Khaimah,  
United Arab Emirates  
Phone +971 (0) 7 227 8892  
Fax +971 (0) 6 574 1053

### Sharjah

Corniche Plaza 2,  
Al Buhairah Corniche  
P.O. Box 5470  
Sharjah, United Arab Emirates  
Phone +971 (0) 6 574 1052  
Fax +971 (0) 6 574 1053

## Yemen

### Sana'a

Sana'a Trade Center Eastern  
Tower, Algeria Street  
P.O. Box 15655  
Sana'a, Yemen  
Phone +967 (0) 1 448 374  
Fax +967 (0) 1 448 378

For inquiries on Mauritania, please contact the ME regional office.

## Quick links

[deloitte.com/middleeast](http://deloitte.com/middleeast)

Blog: [deloittemiddleeastmatters.com](http://deloittemiddleeastmatters.com)

Twitter: @DeloitteME  
@DeloitteMEjobs

Facebook: Deloitte Middle East

LinkedIn: Deloitte Middle East company profile



# Endnotes

- 237 As of year-end 2012, there were over 60 million subscription video-on-demand customers, with the largest base in North America, with 50 million subscribers. See: Research and Markets: Worldwide Over-the-Top Subscription Video on Demand Market: North America Highly Competitive with More than 25 OTT SVOD Service Providers as of 2013, Business Wire, 19 November 2013: <http://www.businesswire.com/news/home/20131119006080/en/Research-Markets-Worldwide-Over-the-Top-Subscription-Video-Demand>
- 238 For example, customers to UK Internet Service Provider BT Broadband service receive BT Sport for no additional charge. For more information, see: Choose how you want BT Sport, BT, 2013: [http://sport.bt.com/pages/sport?s\\_intcid=con\\_intban\\_bt sport\\_pink\\_butt](http://sport.bt.com/pages/sport?s_intcid=con_intban_bt sport_pink_butt); BT Sport channels attract 2 million customers, Guardian, 31 October 2013: <http://www.theguardian.com/business/2013/oct/31/bt-sport-channels-attract-2-million-customers>
- 239 One sample of 9,956 pay-TV homes in the US undertaken by TiVo found that 57 percent of respondents subscribed to Netflix, half had Amazon Prime subscriptions, and 18 percent paid for Hulu Plus. Eight percent subscribed to all three services, implying four pay subscriptions in total. See: TiVo Research and Analytics: Netflix Not Cannibalizing Traditional TV Viewing, TiVo, 29 July 2013: <http://pr.tivo.com/press-releases/tivo-research-and-analytics-netflix-not-cannibali-1037757>
- 240 As an example, in the 12 months to May 2013, average broadband speed in the UK jumped 64 percent to 14.7 Mbit/s, about four times the performance in November 2008. Upgrades to high speed broadband provide a one-off jump in broadband speed and in the year to June 2013, about two million households upgraded to high speed broadband. See: UK broadband, telephony and pay-TV trends Q2 2013: Revenue strong, uncertainties abated, Enders Analysis, 14 August 2013: <http://www.endersanalysis.com/content/publication/uk-broadband-telephony-and-pay-tv-trends-q2-2013-revenue-strong-uncertainties-ab> (Subscription required)
- 241 For example see: Amazon and A24 Announce Exclusive Content Agreement Making Prime Instant Video the Only Premium Subscription Service to Offer Films from A24, Business Wire, 21 November 2013: <http://www.businesswire.com/news/home/20131121005387/en/Amazon-A24-Announce-Exclusive-Content-Agreement-Making> ; Amazon signs new licensing deal with Viacom to expand exclusive TV content on Prime Instant Video, The Next Web, 4 June 2013: <http://thenextweb.com/media/2013/06/04/amazon-signs-new-licensing-deal-with-viacom-to-extend-exclusive-tv-content-on-prime-instant-video/> ; Wannabe models launch exclusive content on Tesco's Clubcard TV, The Grocer, 9 May 2013: <http://www.thegrocer.co.uk/companies/tesco-kicks-off-exclusive-content-on-clubcard-tv/343150.article>
- 242 There are thousands of articles on the subject of cord cutting, most of which focus on the US market. For some examples, see: Evidence Grows on TV Cord-Cutting, Wall Street Journal, 7 August 2012: <http://online.wsj.com/news/articles/SB10000872396390443792604577574901875760374> ; Proof that Americans really are cutting the cable TV cord, Quartz, 12 November 2013: <http://qz.com/146664/proof-that-americans-really-are-cutting-the-cable-tv-cord/>
- 243 At the time of writing, pay-TV subscriber gain/loss numbers for the first three quarters of 2013 were available, and this showed a decline of 71,000, or 0.07 percent of the base of 101 million homes. For Canada, the decline was 0.09 percent, or 10,873 homes in a market of 11.8 million homes.
- 244 For information on subscribers, see: Global pay TV market grows by 23 million subscribers, Digital TV Europe, 6 September 2013: <http://www.digitalveurope.net/97142/global-pay-tv-market-grows-by-23-million-subscribers/> . For information on revenues, see: Worldwide Pay TV Service Revenue to Reach USD 245 Billion in 2013 with Telco TV Service Gaining Market Share, ABI Research, 4 September 2013: <https://www.abiresearch.com/press/worldwide-pay-tv-service-revenue-to-reach-usd-245->
- 245 For example Sky in the UK offers day passes enabling broadband-delivered access to its portfolio of sports content. For more information, see: Pay As You Go Sky Sports Only on NOW TV, Sky Sports, 2013: <http://www1.skysports.com/nowtv/> ; Sky Deutschland made a range of its content available to non-subscribers in December 2013. See: Sky Deutschland to launch open VOD service, Rapid TV News, 11 December 2013: <http://www.rapidtvnews.com/index.php/2013121131297/sky-deutschland-to-launch-open-vod-service.html>
- 246 Middle East & Africa: Pay TV and FTA forecasts: 2005-2016, Informa, 2014
- 247 IPTV helps drive Middle East Pay-TV subscriptions growth of 15%, NexTV Middle East and Africa, 17 Oct 2013: <http://nextvame.com/1-cable-dth/iptv-helps-drive-middle-east-pay-tv-subscriptions-growth-of-15/>
- 248 Middle East & North Africa sees strong growth in 2012, Informa, 4 Feb 2013: <http://www.digitalveurope.net/31863/middle-east-north-africa-sees-strong-growth-in-2012/>
- 249 beIN Sports Arabia ends 2013 with 2.4 million subscribers, AME Info, 23 Feb 2014: <http://www.ameinfo.com/blog/media-and-advertising/bein-sports-arabia-ends-2013-2-4-million-subscribers/>
- 250 MBC Official Website: <http://www.mbc.net/en/corporate/channels/shahid.html> ; MBC Launches Arabia's Hulu: Shahid.net, The Next Web, 6 Sept 2010: <http://thenextweb.com/me/2010/09/06/mbc-launches-arabias-hulu-shahid-net/>
- 251 Demographic preferences. See: Middle East's generation Z will opt for VOD, Rapid TV News, 23 November 2010: <http://www.rapidtvnews.com/index.php/201011238994/middle-east-generation-z-will-opt-for-vod.html>
- 252 Based on interviews with key SVOD providers such as Shahid.net
- 253 Catching up: Video on Demand with Shahid.net, Arabian Industry, 24 Feb 2014: <http://arabianindustry.com/broadcast/features/2014/feb/24/catching-up-video-on-demand-with-shahidnet-4611763/>
- 254 Arab Media Outlook, Deloitte, 2012 ; MENA Internet Usage & Consumption Habits 2013, IPSOS, 2013: <http://www.slideshare.net/MaisAbuSalah/ipsosarabnetpresentation-beirut2013130325072901phpapp02>
- 255 Official websites of telecom operators
- 256 Maroc Telecom launches sVoD offer, Telecom paper, 15 Nov 2013: <http://www.telecompaper.com/news/maroc-telecom-launches-svod-offer--979970>
- 257 Catching up: Video on Demand with Shahid.net, Arabian Industry, 24 Feb 2014: <http://arabianindustry.com/broadcast/features/2014/feb/24/catching-up-video-on-demand-with-shahidnet-4611763/>
- 258 The Netflix Plan to Conquer the World, The Hollywood Reporter, 2 May 2013: <http://www.hollywoodreporter.com/news/netflix-plan-conquer-world-449083>
- 259 Based on prices quoted from official websites of SVOD providers in the region such as icFlix, Wherever TV, STC
- 260 Based on prices quoted from official websites of Netflix and Hulu
- 261 STC official website

- 262 Free-to-Air Satellite TV Channels in the Arab World: The Growth in Supply Continues, Satellite Today Press Release, Arab Advisors, Nov 18 2013: <http://www.satellitetoday.com/publications/2013/11/18/free-to-air-satellite-tv-channels-in-the-arab-world-the-growth-in-supply-continues/>
- 263 Free to Air Channels in the region. See: IPTV flourishes in the GCC countries while the service is still in its early stages in the rest of the Arab world, Arab Advisors, 6 February 2014: <http://www.arabadvisors.com/Pressers/presser-060214.htm>
- 264 For the UK market, subscription VOD revenue increased by £100 million to £160 million in 2013. Sales of all DVDs (for movies and TV shows) fell from £2.12 billion to £1.66 billion between 2011 and 2012, according to data from the British Video Association (BVA); approximately a quarter of all DVD sales are for TV material. For more information on UK pay TV trends, see: [http://www.deloitte.com/view/en\\_GB/uk/industries/tmt/media-industry/uk-tv-industry-report/index.htm](http://www.deloitte.com/view/en_GB/uk/industries/tmt/media-industry/uk-tv-industry-report/index.htm) For more information on DVD box set trends in the US, which have seen declining units but constant nominal revenues, see: Six reasons why DVDs still make money -- and won't die anytime soon, Forbes, 7 August 2013: <http://www.forbes.com/sites/dadehayes/2013/07/08/six-reasons-why-dvds-still-make-money-and-wont-die-anytime-soon/>
- 265 The extent of piracy in the region. See: Cost of piracy soars in the Middle East, 31 January 2014: <http://nextvame.com/7-cross-tv/cost-of-piracy-soars-in-middle-east/>
- 266 Ibid
- 267 beIN SPORTS announces March 1 launch of anti-piracy campaign, AME Info, 24 Feb 2014: <http://www.ameinfo.com/blog/company-news/a/al-jazeera/bein-sports-announces-march-1-launch-anti-piracy-campaign/>
- 268 For more information on streaming dongles see: Your TV never looked so smart, Now TV, 2013: <https://shop.nowtv.com/> ; The honest Chromecast review: Three weeks with Google's TV stick, Gigaom, 14 August 2013: <http://gigaom.com/2013/08/14/honest-chromecast-review/>
- 269 icFlix launches smart TV app, NexTV Africa & Middle East, 19 Dec 2013: <http://nextvame.com/5-ott/icflix-launches-smart-tv-app/>
- 270 Official websites: icFlix, Shahid.net
- 271 In 2007 the Writers Guild of America West (WGAW) reported \$456 million in earnings from 3,356 individuals. In 2012 earnings had risen to \$667 million from 3,508 writers, a 40 percent rise in earnings per writer. See: Annual Financial Report, Writers Guild of America, West, June 29, 2013: [http://www.wga.org/uploadedFiles/who\\_we\\_are/annual\\_reports/annualreport13.pdf](http://www.wga.org/uploadedFiles/who_we_are/annual_reports/annualreport13.pdf)
- 272 VOD companies may want to help their customers by offering web advice on in-home network optimization and best practices, a primer on what network speeds mean, and how to contact Internet Service Providers
- 273 For more information, see: Global Internet Phenomena , Sandvine, November 2013: <https://www.sandvine.com/trends/global-internet-phenomena/> (subscription required)

## Researched and written by:

### Paul Lee

Director, Head of Global TMT Research  
Deloitte Touche Tohmatsu Limited  
+44 (0) 20 7303 0197  
paullee@deloitte.co.uk

### Duncan Stewart

Director of TMT Research  
Canada  
+1 416 864 3536  
dunstewart@deloitte.ca

### Adil Parvez

Consultant, TMT  
Deloitte & Touche (M.E.)  
+971 (0) 4 376 8601  
aparvez@deloitte.com

## Contributors:

### Emmanuel Durou

Director, TMT  
Deloitte & Touche (M.E.)  
edurou@deloitte.com

### Gareth Pereira

Senior Manager, TMT  
Deloitte & Touche (M.E.)  
garpereira@deloitte.com

### Caitlyn Chetty

Business Analyst, TMT  
Deloitte & Touche (M.E.)  
cchetty@deloitte.com

## Marketing contacts:

### Amanda Goldstein

TMT Marketing Leader  
Deloitte Touche Tohmatsu Limited  
+1 212 436 5203  
agoldstein@deloitte.com

### Karen Hogger

EMEA TMT Marketing Manager  
Deloitte Touche Tohmatsu Limited  
+44 (0) 20 7007 5405  
khogger@deloitte.co.uk

### Patrick Mallouh

Supervisor, ME Brand & Communications  
Deloitte & Touche (M.E.)  
+961 1 748 444  
pmallouh@deloitte.com

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte network") is, by means of this communication, rendering professional advice or services. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

### About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) for a more detailed description of DTTL and its member firms.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's more than 200,000 professionals are committed to becoming the standard of excellence.

### About Deloitte & Touche (M.E.)

Deloitte & Touche (M.E.) is a member firm of Deloitte Touche Tohmatsu Limited (DTTL) and is the first Arab professional services firm established in the Middle East region with uninterrupted presence since 1926.

Deloitte is among the region's leading professional services firms, providing audit, tax, consulting, and financial advisory services through 26 offices in 15 countries with more than 3,000 partners, directors and staff. It is a Tier 1 Tax advisor in the GCC region since 2010 (according to the International Tax Review World Tax Rankings). It has received numerous awards in the last few years which include Best Employer in the Middle East, best consulting firm, and the Middle East Training & Development Excellence Award by the Institute of Chartered Accountants in England and Wales (ICAEW).