Executive summary

The Middle East and African TV sectors continue to exhibit positive signs, with pay TV and advertising benefiting from increased consumer expenditure. Also beneficial are moves towards market liberalisation, improving standards for technology and content, some progress on improved regulatory frameworks and signs of a more receptive stance towards foreign investment. In Sub-Saharan Africa the TV industry is improving in countries such as South Africa, Kenya and Nigeria although humanitarian issues still dominant in many other areas.

There were 57.4 million TV households in the Middle East and North Africa (MENA) region at end-2007, a number that will grow to 67.6 million by end-2013. Of the end-2007 total, 22.5 million (39%) take terrestrial signals, with 32.2 million (56%) receiving satellite TV – often free-to-air and almost all digital.

Cable and IPTV are minor platforms, with respective 5% and 0.2% penetration rates. There are however a handful of countries where cable/MMDS has a presence, such as Kuwait (Kuwait Cable Vision), UAE (E-Vision), Qatar (QVC) and Lebanon (Cablevision). IPTV, meanwhile, is available in Cyprus, Morocco, Qatar and UAE.

Two of the major issues facing the region are the linked areas of regulation and legislation. The close relationship between the state and many broadcasters is often seen as having an inhibiting effect. Some media legislation meanwhile is out-of-date and often unable to deal with recent developments such as digital TV, the Internet, mobile TV and IPTV.

A youthful demographic skew in many countries minimises barriers to the acceptance of new technologies. This mindset will help promote demand for important concepts such as convergence and technological upgrading.

Mobile TV and online TV service launches are gathering momentum, tapping into the fact that the young tend to spend more of their disposable income on new communication types, so giving these services a good chance of success. Such offerings will also benefit from the strong brands present in the region and there will be a good deal of brand-led convergence into these new areas.

In comparison to a start-up business, a brand already strong in one area of the media will find it relatively easier to export that brand into a new media area. Increasingly, companies established in traditional media areas will see themselves being pushed into brand diversification by demand from the growing youthful demographic.

In terms of content, the pay TV ‘staples’ of sport and films are important but in this often strife-torn region news is also important. There is keen interest region-wide in the latest happenings in Iraq, Iran, Israel, and Palestinian areas and what the impact of developments in those countries may have on their own country.

Algeria: Financial indicators

Year	Real GDP Growth (%)	Consumer Prices (%)
2003	6.9	2.6
2004	5.2	3.6
2005	5.1	1.6
2006	2.0	2.5
2007*	4.6	3.7
2008**	5.2	4.3

** Estimated*

***Forecast*

Source: IMF

The government has been moving away from a centrally planned model to a market based economy. Its stance is that it is committed to economic liberalisation by soliciting foreign investment in sectors such as telecommunications, power and water. A privatisation process has been progressing, with around 1,000 companies earmarked for privatisation. This process was initiated by the World Bank in 2003, when it endorsed reforms aimed at creating economic growth, reducing unemployment and fighting poverty. Algeria is awaiting accession to the World Trade Organization (WTO) scheduled for 2008, which will be an important step to ensure access to international markets.

The government is continuing to support a public investment programme, named PCSC, which started in 2005 and will inject US$60 billion over a five-year period. The plan is designed to bring local infrastructure “up to developed world standards” and address unemployment, which stands at 12.5% and is particularly high in young demographics.

Future prospects are reliant on the hydrocarbons sector and the favourable outlook for oil prices until at least 2010 means that these prospects are positive. The rise in energy prices means that the country is of strategic importance to the EU. With concerns over gas supplies from Russia, Algeria is seen as an important source for the EU’s gas imports.

Television overview

There are more than five million TV households and, of these, around 95% access satellite services. The high satellite penetration rate is partly a result of the limited choice of terrestrial programming provided by the state TV monopoly. High multichannel penetration means that pay platforms, particularly Arab Radio & Television (ART), target Algeria.

French digital pay TV packages from Canalsat have historically been received via the ‘grey market’, with smart cards purchased in France and then forwarded to friends/relatives in Algeria. But the merger between the two French platforms has made this more difficult, as the unified platform uses a more secure encryption technology. This has helped ART, which offers three, six and 12 month subscriptions for DZD3,000 (US$45), DZD5,000 and DZD9,000 respectively.

In 2003, Multi TV Afrique also took control of Le Sat, a digital satellite and MMDS platform operating in more than 40 African countries. Prior to the transfer of control, Le Sat had been managed by CFI, a French state-funded organisation that supplies French programming to foreign broadcasters.

Multi TV Afrique sought to improve the transmission quality of its service in March 2008 when it selected broadcast services provider Arqiva to deploy five new centralised and dedicated antennas. These will be situated away from interference zones in Paris and will be used to guarantee the quality of C-band downlinks for all channels in the bouquet. The signals will then be multiplexed and sent to Canalsat's playout centre in Boulogne.

Radio Television of the Ivory Coast (RTI) will be the first African channel to benefit from this new infrastructure, followed by SuperSport 3, RTB (Burkina), CRTV (Cameroon), ORTM (Mali) and RTS (Senegal).

Kenya

Kenya's population stood at 37.5 million at the end of 2007. According to research published by local media agency the Steadman Group in March 2008, TV households had reached 3.2 million. Of these, 1.8 million are based in rural areas, while the other 1.4 million are in urban centres.

For several decades the only available TV channels were operated by state broadcaster KBC. However, since 1989 the sector has transformed, with the licensing of several independent broadcasters.

This has resulted in consistent growth in the advertising market. An increase in the number of media outlets has seen spending in TV, radio, print and cinema increase from KES6.6 billion in 2003 to KES17.4 billion (US$276 million) in 2007, according to Steadman.

Pay TV

Until mid-2007, Multichoice Kenya was the principal pay TV operator. However, the dynamic of the market changed when new regional outfit GTV launched a rival DTH service in June 2007, representing the first major challenge to the incumbent provider.

GTV offers two subscription packages. G Base, which is priced at KES1,750 (US$28) per annum, includes BBC World, Sky News, Al-Jazeera, MTV Base, Kiss, Nickelodeon, E! and God Channel. The premium G Prime package costs KES2,750 per year and consists of the G Base channels, plus G-Sport 1, G-Sport 2 and Fox Sports Africa. At launch, GTV was offering a discounted start-up price for the dish and decoder of KES15,000.

Multichoice Kenya was established in 1995 as a JV between Multichoice Africa and Kenya Broadcasting Corporation (KBC). It broadcasts the DStv bouquet via digital satellite and is thought to have 40,000 subscribers.