

2.12: Culture, Media and Marketing

SECTOR OVERVIEW

Kuwait has a diverse population, reflecting a wide range of cultures and ethnic backgrounds, which generates demand for diversified advertising, marketing, entertainment and media.

Kuwait has demonstrated a high affinity for entertainment and media especially considering majority of its population is young and affluent. Kuwait's high penetration of broadband, mobile phone and television also indicate the magnitude of the potential opportunity in the space of media and marketing especially in the digital segment.

DIGITAL MEDIA MARKETING

Digital media marketing is aligned with new age marketing platforms connected via internet to devices such as computers, tablets, smart phones and gaming consoles. High penetration of broadband and mobile based internet are a key driver of digital advertising in Kuwait.

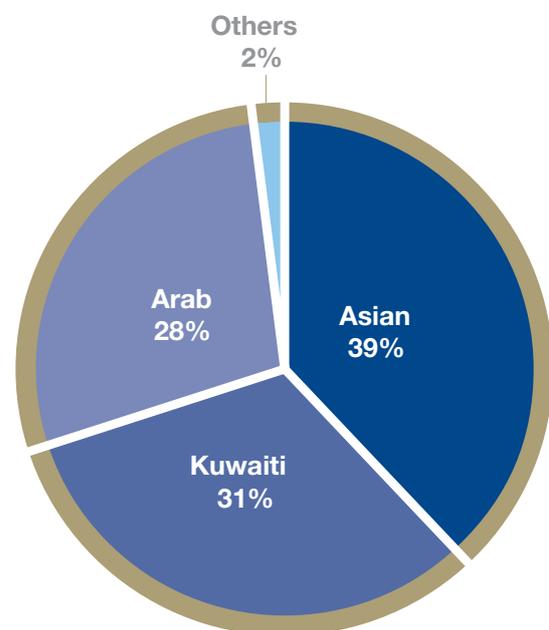
DIGITAL CONTENT CREATION

Digital Content Creation (DCC) includes creation of digital tools such as games, e-books, apps and widgets, web/ blog development (text, animation, graphics, images, design and audio-video). Increasing adoption of digital devices like smart phones, tablets and smart televisions, is likely to drive the market for digital content in Kuwait especially for service providers offering localized Arabic content.

APPLICATION STORES & ONLINE PORTAL

The prevalence of internet and broadband penetration in Kuwait is leading to many consumer businesses considering presence through online formats, thus providing reach across a wider audience. The growing penetration of web enabled devices (smart phones, tablets, smart televisions) coupled with rising income levels in Kuwait are expected to provide growth opportunities for online retailers and service providers.

Population by ethnic groups (June 2015)



A wealthy population with high living standards and cultural diversity offer opportunities in the culture, media and marketing sectors.

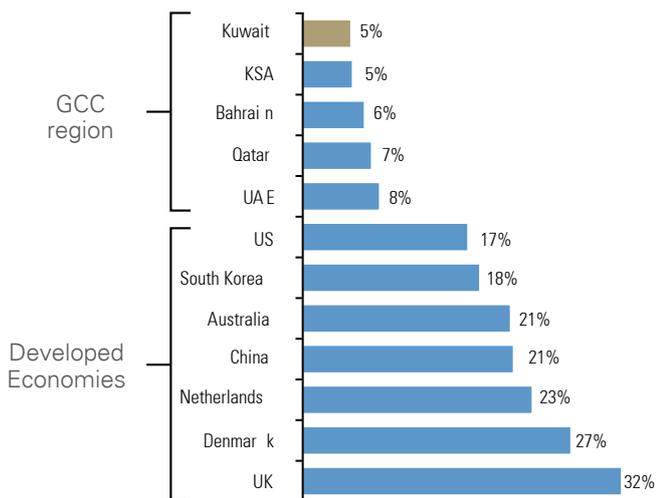
2.12.1: Digital Media Marketing

OPPORTUNITY OVERVIEW

Kuwait has the fourth highest advertising expenditure in the MENA region. The digital marketing industry is however at a nascent stage in Kuwait, with players offering multiple services such as marketing, advertising, analytics, technology etc. Growing traffic on social networking sites and increased time spent online by the resident population is fueling the growth in digital advertising, which currently accounts for only 5% of the total advertising spend.

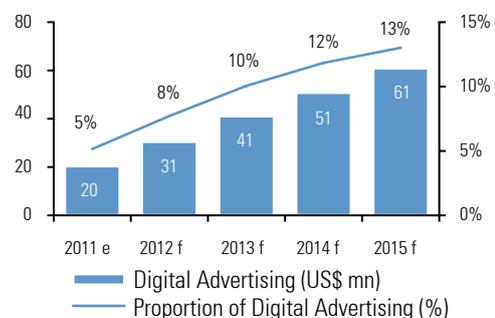
The sector comprises of global, regional and local boutique players but is largely dominated by international firms who are primarily operating through local tie-ups and catering to in-house digital marketing requirements indicating room for presence of specialized international players in Kuwait.

Digital advertising expenditure as % of total advertising expenditure (2011)



- Kuwait’s favorable demographics, coupled with high literacy rates and per capita income, translate into high rates of information consumption across multiple media formats including social media.
- The country has high penetration of internet (62%), mobile (138%) and TV (99%), and hence is quick in technology adoption, which supports opportunities in the digital marketing space.
- Cost effectiveness of the digital medium also makes it easier for advertisers to target niche audiences thereby propelling the growth of digital media marketing.

Digital advertising expenditure as % of total advertising expenditure in Kuwait



The advertising market in Kuwait is expected to reach around USD 470 Mn by 2015, with share of digital advertising rising from 5% in 2011 to approximately 13% (nearly USD 61 Mn) by 2015. This is expected to provide significant opportunities for companies in this sector to grow in the Kuwait market.

Additionally, linguistic and cultural similarities within the Middle Eastern countries provide potential for replicating digital marketing offerings across neighboring markets.

2.12.2: Digital Content Creation

OPPORTUNITY OVERVIEW

The size of the global consumer digital content industry was estimated at approximately USD 49 Bn in 2012 in terms of revenues. This industry is poised to grow to over USD 62 Bn by 2016, recording an annual growth of around 5% per annum.

Kuwait is, however, still in the early stages of development with regards to digital content market especially in areas like games, e-books, apps and widgets, web and blog development (text, animation, graphics, images, design and audio-video). Increasing adoption of digital devices like smart phones, tablets and smart TVs is likely to drive the market for digital content in Kuwait especially for service providers who can offer localized Arabic content.



- A young, well-educated and relatively affluent population drives demand for entertainment and media content.
- With Kuwait's high penetration of TV, mobile and internet, localization of content and regional trends of Pan-Arab television, film and music is likely to propel demand trends in digital content creation.
- The increasing adoption of smartphones and tablets provides large potential opportunities in segments such as social networking and online gaming.
- Encouragement from advertisers to sponsor content designed for these digital devices can lead to monetization of digital content.

In Kuwait, the digital content creation market remains a nascent market with few niche players indicating room for established international players to explore this untapped opportunity in areas like mobile applications, Arabic e-publishing, local comic series and gaming applications.

For instance, the gaming market in the Middle East region is reported to have the fastest growth with a size that is variously estimated in the region at USD 1 Bn.



2.12.3: Application Stores and Online Portals

OPPORTUNITY OVERVIEW

High levels of internet penetration and technology adoption are likely to stimulate the market for application stores and online portals. Kuwait has witnessed many popular examples of online portals some of which are expanding across the GCC and the wider region. Growing penetration of web enabled devices (smart phones, tablets, smart TV's) coupled with rising income levels in Kuwait will further augment the market for online portals along with increasing acceptance of online payment systems.

GROWTH DRIVERS

Young population

High per capita income

High literacy levels

Successful initiatives in this space

High rates of broadband and mobile penetration

Supportive Government measures

- The broad reach of social media, internet and mobile in the country is leading to successful adoption of the medium of e-commerce and online platforms in Kuwait and the GCC region.
- Kuwait Government is implementing various measures to promote IT across numerous sectors, such as infrastructure, education and Government services.

Category specific online portals (e.g.: electronics, fashion) and subscription based websites (e.g.: Zawya, MEED) are expected to have high demand along with preference for localized Arabic content.

