

RESEARCH FORECAST REPORT

PAY-TV SERVICES IN THE MIDDLE EAST AND NORTH AFRICA: TRENDS AND FORECASTS 2016-2021

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About this report

This report provides:

- forecasts for the number of pay-TV households, services, spend and average spend per user (ASPU)
- forecasts split by pay-TV platform: cable (analogue and digital), IPTV, pay DTT, satellite and OTT video delivered to the TV set
- forecasts for 4 individual countries and the Middle East and North African (MENA) region as a whole
- an overview of the trends and drivers in the market
- top-level overviews of the key countries in the region.

WHO SHOULD READ THIS REPORT

- **Product and strategy managers** within pay-TV operators who require market sizing for business planning purposes, as well as an overview of key trends affecting the market to help them to develop propositions accordingly.
- **Business development managers** within vendors of video solutions who need to assess the size of the opportunity for their products and services.
- **Financial analysts** who need to understand the dynamics and the size of the pay-TV market.

GEOGRAPHICAL COVERAGE	KEY METRICS
<p>Regions modelled:</p> <ul style="list-style-type: none"> ▪ The Middle East and North Africa (MENA) ▪ Rest of region <p>Countries modelled individually:</p> <ul style="list-style-type: none"> ▪ Oman ▪ Qatar ▪ Saudi Arabia ▪ UAE 	<ul style="list-style-type: none"> ▪ Total pay-TV services ▪ Connections as a percentage of households ▪ Spend ▪ ASPU <p>All of the above split by the following access technologies:</p> <ul style="list-style-type: none"> ▪ cable (analogue and digital) ▪ IPTV ▪ pay DTT ▪ satellite (DTH) ▪ Over-the-top (OTT) video to the TV¹

¹ A limited set of KPIs is available in this report for OTT video services to the TV. Additional KPIs will be available in our forthcoming forecasts for OTT video services in Europe.

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MENA: Low IPTV pricing will compel satellite providers and operators to discount their TV services



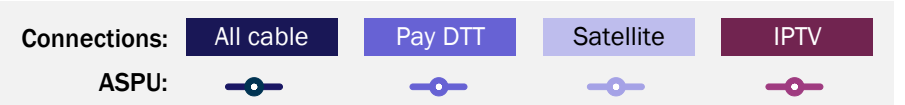
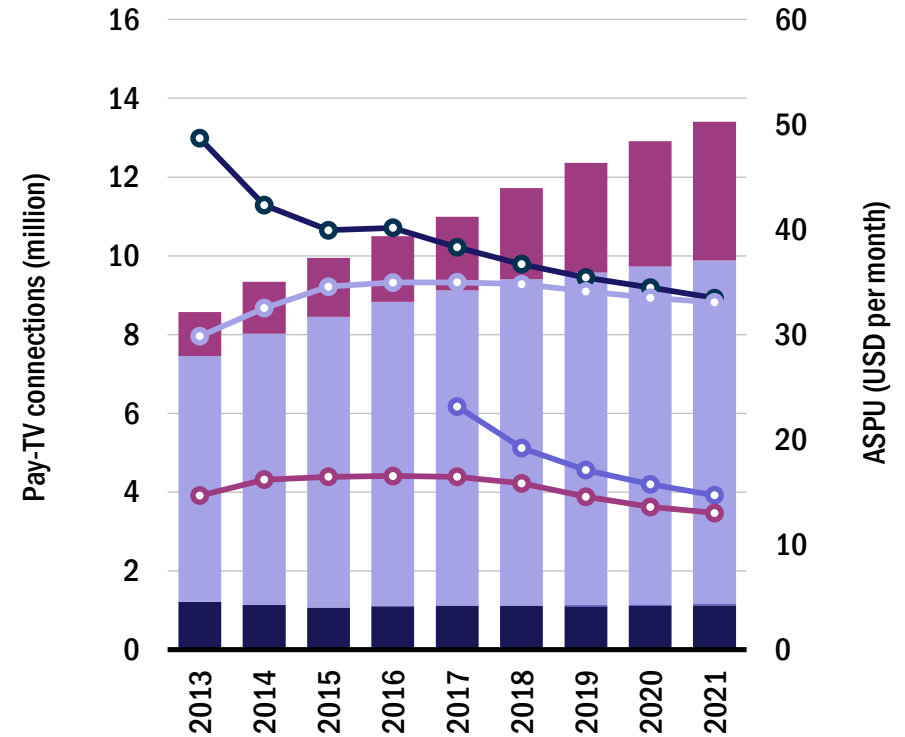
Telco TV bundles will start to break the dominance of pan-regional broadcasters such as OSN and beIN Media Group within the next 5 years. IPTV will account for 59% of net subscriber additions over the forecast period.

The incremental price of subscribing to an IPTV service on top of a bundle of telecoms services is appealing to consumers, and the increased availability of such services, along with a significant influx of people moving to the region, will drive market growth.

Large players such as OSN and beIN provide their content directly to customers through satellite, but their content is also resold by many IPTV providers. Consequently, while satellite share will decrease, the strength of OSN and beIN may not be significantly mitigated. The propagation of IPTV is encouraging satellite providers to offer more-aggressive discounts and to increase the number of channels available in basic packages. These initiatives will help to maintain net subscriber additions but will not lead to ASPU growth.

The international economic sanctions imposed on Iran, one of the largest countries in the region, are expected to be lifted in the second half of the forecast period, which will stimulate growth in the region. As operators sacrifice margin on their telecoms portfolio to reduce the incremental retail price of TV services, the low price of IPTV will facilitate the expansion of the addressable market for pay-TV services to a small extent.

Figure 5: Pay-TV connections and ASPU by access technology, MENA, 2013–2021



Source: Analysys Mason

Qatar: The highly penetrated market offers some room for traditional service growth, but OTT video will flourish

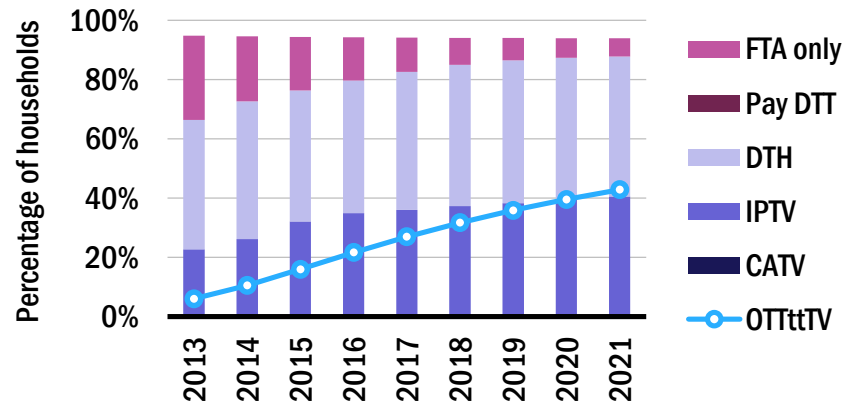


The affluent Qatari market has reached near-saturation for pay-TV services. However, growth remains in OTT video.

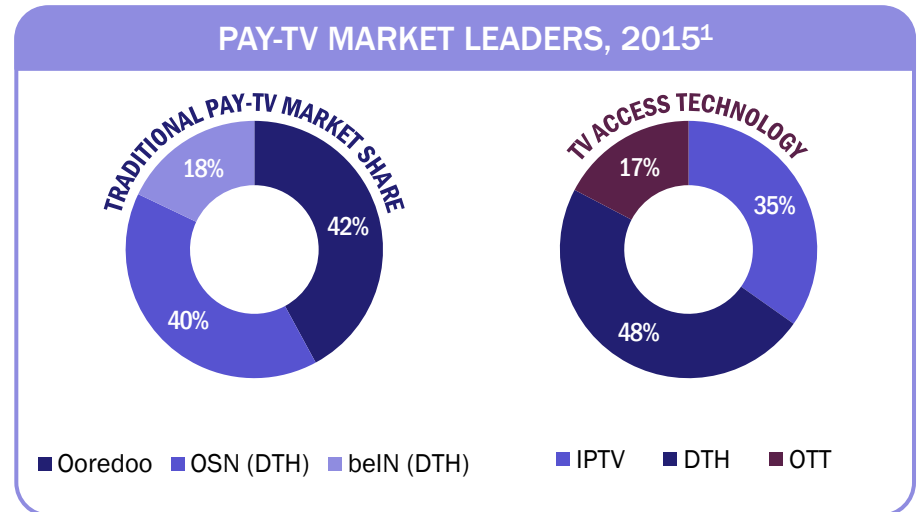
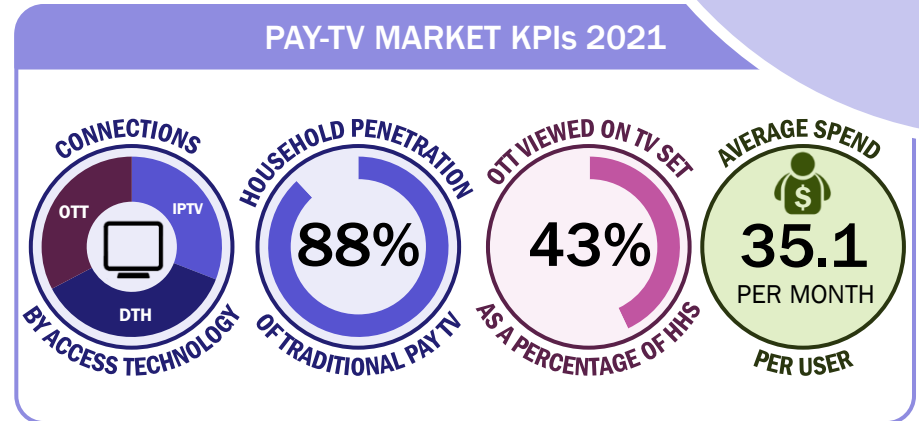
An estimated 94% of Qatari households had a TV set at the end of 2015 and 76% had a pay-TV service. The number of households in Qatar will provide reasonable growth for traditional pay-TV services, but significant growth will be limited to OTT: OSN has invested heavily in this area, launching Go by OSN in 2014 (Go Online TV) in 2014. Netflix officially launched in Qatar in 2016, which led many customers to ‘go legitimate’, migrating from illegal access via VPNs.

Ooredoo’s continued development of Mozaic TV will encourage some (non-sport-centric) customers to migrate to IPTV. This will deflate ASPU, from USD40.5 per month in 2015 to USD35.1 by 2021.

Figure 10: Household penetration of pay TV by access technology, Qatar, 2013–2021



Source: Analysys Mason



¹ OSN and beIN’s services are resold as part of Ooredoo’s Mozaic TV packages; this market share metric measures only direct customers to avoid double-counting

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About the author



Martin Scott (Principal Analyst) co-ordinates Analysys Mason's research initiatives related to media, TV and fixed broadband. He manages the *Fixed Broadband and Video* research programme and is a significant contributor to the *Future Comms and Media* programme. Martin has held numerous positions within Analysys Mason during the last 10 years, including heading the company's Consumer Services, Data and Regional Markets practices. He also launched Analysys Mason's Connected Consumer and Consumer smartphone usage series of research. His primary areas of specialisation include service convergence, OTT video and media, consumer smartphone usage, and the bundling and pricing of multi-play services.

About Analysys Mason

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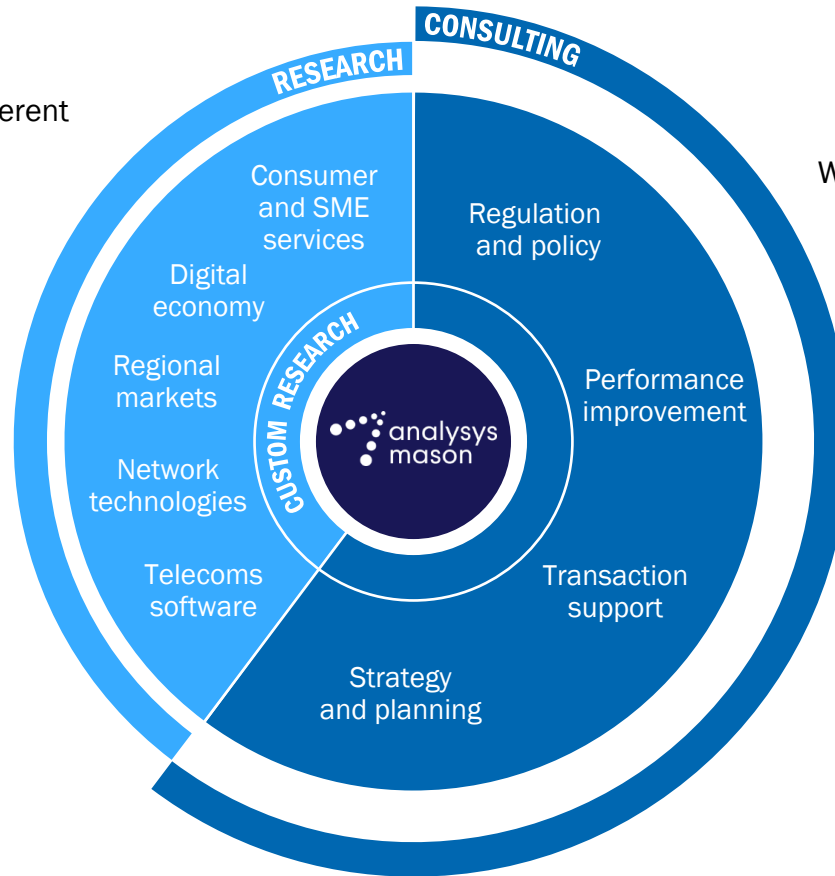
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