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MTV Networks: The Arabian Challenge

*This case was written by **Debapratim Purkayastha**, IBS Center for Management Research. It was compiled from published sources, and is intended to be used as a basis for class discussion rather than to illustrate either effective or ineffective handling of a management situation.*

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MTV Networks: The Arabian Challenge

*"[...] MTV has a penchant for airing controversial material and making a mockery of convention. And of course, it's an American brand... The challenge, therefore, is transforming a notoriously risqué channel into a Middle Eastern-friendly platform for music and creativity without stripping MTV of its edge. It isn't without some irony that a channel known for angering religious, political, and conservative communities is operating in and catering to a region renowned for reacting (and sometimes overreacting) negatively to controversial content."*¹

- Dana El Baltaji, Special Projects Manager, Trends magazine in Dubai, in 2008.

*"In many ways (MTV Arabia) is the epitome of our localization strategy. It's a different audience (in the Middle East) but this is what we do -- we reflect culture and we respect culture. The programming mix on this one is going to be a little more local than normal."*²

-William H. Roedy, Vice Chairman for MTV Networks and President MTVI Network International, in 2007.

A LITMUS TEST FOR MTV'S LOCALIZATION STRATEGY

MTV Networks (MTVN) launched MTV Arabia on November 17, 2007, in partnership with Arabian Television Network³ (ATN) as part of its global expansion strategy. According to analysts, MTV's presence in the Middle East would provide the region with an international music brand, which till then, did not have an international music brand though it had clusters of local music channels. On its part, the region promised to offer tremendous growth opportunities to MTVN.

Analysts felt that MTV Arabia was MTVN's most ambitious and challenging venture. The Middle East offered huge growth potential to MTVN given its huge youth populace. However, according to analysts, MTV's success in the Middle East was contingent upon a tactical balancing between delivery of international quality music and the culturally sensitive environment prevalent in the region. Some analysts felt that the channel was well equipped to achieve this considering MTVN's extensive experience in the global market and its ability to provide localized content without diluting what MTV stood for.

To ensure that its programs won over the hearts of the Arabs and adhered to the local taste and culture without diluting MTV's global brand, MTV Arabia designed a much localized Arabic version of its international music and reality shows. In this connection, Patrick Samaha (Samaha),

¹ Dana El Baltaji, "I Want My MTV," www.arabmediasociety.com, May 11, 2008.

² Lynne Roberts, "MTV Set for Middle East Launch," www.arabianbusiness.com, October 17, 2007.

³ Arabian Television Network (ATN) is a Dubai, United Arab Emirates based broadcast media company, part of the Arab Media Group's Arabian Broadcasting Network (ABN). ABN is a part of the Arab Media Group (AMG). As of 2007, AMG was the largest media group in the UAE, with approximately 1,500 employees. It was an unit of TECOM Investments that was controlled by Dubai's ruler.

General Manager of MTV Arabia, said, “We’ve created programs that are an Arabic version of MTV programs. It is the first time that programs like this will really reflect the youth culture here, but we’ve been mindful all the way about respecting the local culture.”⁴

According to the company, the launch of MTV Arabia was also expected to act as a culturally unifying force by propelling Arabic Music to the global forefront and vice versa. While launching MTV Arabia, William H. Roedy (Roedy), Vice Chairman for MTV Networks and President of MTVI, said, “Tonight’s [November 16, 2007] MTV Arabia launch show celebrates one of the most important landmarks in MTV’s 25-year history. MTV Arabia will reach the largest potential audience of any MTV channel outside the United States. MTV is proud to celebrate the voice of the Arab youth and through our global network we can showcase what this rich and diverse culture is all about to new audiences around the world.”⁵

BACKGROUND NOTE

MTV (short for Music Television), which pioneered the concept of a cable music channel, was launched on August 1, 1981, and marked the commencement of the cable TV revolution. It was promoted by Warner Amex Satellite Entertainment Company, a joint venture between Warner Communications and American Express. In 1984, the company was renamed MTV Networks (MTVN) with its operations confined to the US.

At the time of its launch, the MTV channel primarily catered to those in the 12 to 24 age group, airing heavy-metal and rap music. However, over the years, it also launched many sister channels such as VH-1 (short for video hits one) which was formed in 1985 to play light popular music; Rhythm and Blues (R&B, for jazz, country music, and classics targeted at the 18 to 35 age group; and Nickelodeon⁶, which was launched in 1977 keeping children as its target segment. While these sister channels of MTVN continued playing different varieties of music, the core channel MTV began to diversify in 1990. Besides playing music, it also started airing non-music, reality shows. ‘The Real World’ and ‘MTV Fear’ were some of the popular reality shows aired. Animated cartoon series were also introduced, the most popular of them being ‘Beavis and Butthead’.

In 1986, MTVN was acquired by Viacom Inc. (Viacom) (Refer to Exhibit I for a note on Viacom). Thereafter, in 1987, MTVN launched its first overseas channel in Europe and this marked the beginning of MTV’s global expansion. The international arm of MTVN was known as MTVI. In addition to MTV, MTVI managed a bouquet of channels like VH-1 and Nickelodeon.

By the mid-1990s MTVI realized that to become a successful brand globally, it had to adapt to local conditions. Hence it adopted a strategy of ‘Think Globally, Act Locally’. Thereafter, MTVI became the first international TV network to offer channels like MTV Australia, MTV Asia, MTV India, MTV China, MTV Germany, etc. in local languages with localized content.⁷ To penetrate any new market, MTVI initially tied up with a local music channel and in course of time, it acquired the local company in that region. For instance, in the early 2000s, MTVI entered the

⁴ Jolanta Chudy, “MTV’s Arab Net Thinking Locally,” www.hollywoodreporter.com, November 6, 2007.

⁵ “Akon and Ludacris Dazzle the Desert in their Middle East Debuts to Celebrate the Launch of MTV Arabia,” www.dubaicityguide.com, November 16, 2007.

⁶ Nickelodeon’s primarily caters to children in age group 7-11, but along with this it also airs weekend programmes in TEENick catering to children in age group 12-17 and also weekday morning programs aimed at children in age group 2-6 and a late-night segment known as Nick at nite aimed at general audiences.

⁷ Dirk Smillie, “Tuning in First Global TV Generation,” *The Christian Science Monitor*, June 4, 1997.

Australian market by setting up a joint venture between Austereo (a national commercial radio network in the country) and MTVN. Later on, it acquired Austereo to become MTV Australia.

Initially, some analysts were doubtful as to how far MTVN's global expansion would be successful, given the latent and overt anti-American sentiments in various parts of the world. However, the channel did not face too many difficulties. Commenting on this, Roedy said, "We've had very little resistance once we explain that we're not in the business of exporting American culture."⁸ According to some analysts, Roedy was instrumental in taking MTVI across many countries worldwide. To gain an entry into difficult markets such as China, Israel, and Cuba, Roedy even met the political leaders of those countries to explain the network's initiatives to them.

Overall, despite the initial hiccups, the channel's global expansion strategy proved successful. Thus, by following a policy of having a global presence with a local outlook, by mid-2006, MTVI catered to an audience of more than 1 billion and expanded its presence in 179 countries across Europe, Asia, Latin America, and Australia.⁹ It operated more than 130 channels in over 25 languages and it comprised MTV Networks Europe (MTVN Europe), MTV Networks Asia-Pacific (MTVN Asia-Pacific), and MTV Networks Latin America (MTVN Latin America). In addition to this, it operated some broadband services and more than 130 websites.¹⁰

According to analysts, a noteworthy reason behind MTV's global success was that the channel adopted a decentralized structure and gave commercial and creative autonomy to the local staff. This policy of minimal interference in local operations led to innovation and rapid expansion. Commenting on this, Roedy said, "Something we decided early on was to not export just one product for the world but to generate a very different experience for our brands depending on the local cultures."¹¹

MTV's impressive growth globally contributed significantly to the revenues of its holding company Viacom over the years and it also became Viacom's core network. As of end 2007, MTVI had more than 140 channels around the world catering to a potential 1.5 billion viewers globally.¹² In the US alone, it reached 87.6 million homes.¹³ Its Emerging Markets group was the network's fastest growing business segment.¹⁴ For the year ending 2008, Viacom's total revenues (including cable network and entertainment divisions) were US\$ 14,625 million. Out of this, the revenue from Media Network channels (which includes MTVN) was US\$ 8,756 millions (Refer to Exhibit II for selected financials of Viacom).

PREPARING FOR THE LAUNCH

With the growing popularity of MTV, there was a mushrooming of many similar channels across the world. Though the Arab media was late in adopting this concept, some European and US channels had started offering such programs in this region, analysts pointed out. In the mid-1990s,

⁸ Kerry Capell, Catherine Belton, Tom Lowry, Manjeet Kripalani, Brian Bremner, and Dexter Roberts, "MTV's World," *BusinessWeek*, February 18, 2002.

⁹ www.viacom.com/cable.jhtml.

¹⁰ MTVI operated more than 130 websites of its international channels while MTVN, totally, operated more than 150 websites, which included online representations of channels broadcast in the US.

¹¹ Brad Nemer, "How MTV Channels Innovation," *BusinessWeek*, November 6, 2006.

¹² Tamara Walid, "Finally Got My MTV," www.arabianbusiness.com, November 22, 2007.

¹³ "MTV to Launch Music TV Channels in Three Baltic States," www.eubusiness.com, March 6, 2006.

¹⁴ "Arab Media Group and MTV Networks International to Launch Nickelodeon Arabia in 2008," www.media.ameinfo.com, October 20, 2007.

some Arab music channels too entered the fray. Some of these channels were influenced by MTV. By the mid-2000s, there were a number of Arab music channels (Refer to Exhibit III for a note on major music channel in Saudi Arabia). These channels relied heavily on Arab artists but also aired international numbers by entering into agreements with production houses and other TV networks. MTV was available in the region through a special deal with Showtime Arabia¹⁵ (Showtime). As part of the deal, Showtime aired Nickelodeon and MTV in English with Arabic subtitles.¹⁶ The channel catered to the middle and upper classes, who had been exposed to the West and had an interest in Western entertainment. Analysts felt that MTV was popular with a section of the audience in the region who were waiting eagerly for its launch there.

The first announcement that MTVI was preparing to launch MTV Arabia came in August 2006. During MTV's 25th anniversary of its first US channel, the company said that it was on the lookout for local partners in the Middle East and would provide the audience in the region content that would be very different from that offered by popular Arab music channels. Dean Possenniskie, Vice President and General Manager for Emerging Markets, MTVI, said, "[MTV is] very interested in the [Arab satellite channel] market and realizes how important it is... Hopefully [we] will be in the market in the next 24 months... it all depends on finding the right local partners."¹⁷ By the end of the year, it was announced that MTVI would launch the channel in the region in partnership with Arabian Television Network (ATN), which was a part of the Arabian Broadcasting Network (ABN).¹⁸

MTVI's venturing into the Middle East was a result of the combined efforts of innovative and enthusiastic personalities such as Roedy, Bhavneet Singh¹⁹ (Singh), Senior Vice President and Managing Director of MTVNI Emerging Markets group, and Abdullatif Al Sayegh (Sayegh), CEO and Chairman of ABN.

Analysts felt that it would have been very difficult for a western company like MTVI to venture into the highly regulated and complex business arena of the Middle East on its own. In this regard, Singh said, "A market such as the Middle East, however, also brings a level of complexity in the way business is done and regulatory challenges which mean it takes a western media company a long time to get its head around it."²⁰ Hence, it entered the Middle East by tying up with a local partner, the Arab Media Group (AMG), an established player in the Arab media industry with eight radio stations and three daily newspapers. The channel MTV Arabia was formed as a result of a licensing arrangement between MTV and AMG. MTV would earn an estimated US\$10 million annually in licensing fees from AMG for 10 years.²¹

On the other hand, an alliance with MTV was a winning deal for AMG too as it could access the former's world class resources to enhance its visibility in the Arab media as well as across the globe. "We found it very good to start our TV business with MTV Arabia because it's a great name to start with. Great team, great people; they provided us with a lot of resources. We believe that MTV is the beginning of a new era in television in this part of the world,"²² said Sayegh.

¹⁵ Showtime Arabia is one of the leading subscription-based television networks in the Middle East. It is partly owned by Viacom.

¹⁶ Zeid Nasser, "Showtime Braces for Impact of Free-to-air MTV Arabia & Arabic Nickelodeon," <http://mediame.com>, October 16, 2007.

¹⁷ Faisal Abbas, "MTV Eyes Middle East Market," www.asharq-e.com, August 8, 2006.

¹⁸ "Arabian Television Network Partners with MTV to Launch MTV Arabiya," <http://mediame.com>, December 27, 2006.

¹⁹ On April 23, 2007, Bhavneet Singh was promoted to Senior Vice President and Managing Director of MTVNI's Emerging Markets group.

²⁰ Andrew Edgecliffe-Johnson, "MTV Tunes in to a Local Audience," www.us.ft.com, October 26, 2007.

²¹ Sarah Raper Larenaudie, "MTV's Arab Prizefight," www.time.com, November 2, 2007.

²² Tamara Walid, "Finally Got my MTV," www.arabianbusiness.com, November 22, 2007.

However, the tie-up with a local partner was not enough to guarantee the success of MTV's launch in the Middle East given the conflict between the hip-hop explicit music culture portrayed by MTV and the conservative social culture prevalent in the Middle East. Hence, before launching the channel, Samaha conducted an extensive survey of the region to understand what people wanted. The survey team targeted people in the age group 18-24 and travelled around the region to schools and universities canvassing opinions. They also spoke to the elderly and figures of authority to assure them that they were there to entertain people within the limits of Arab traditions and had no intention of showing disrespect to the local culture. On this Samaha commented, "We also spoke to the governments, leaders, and parents and said, "Don't worry, it will be nice", so they know what's going on,"²³ said Samaha.

Accordingly, MTV Arabia's programming team decided to air MTVN's globally successful music shows but with a local flavor that would suit the Arab mindset and this laid the foundation for a planned launch of MTV in Arabia. The launch team comprised a mix of Saudis, Palestinians, Emiratis, Iraqis, and Lebanese.²⁴ "MTV first launched in 1981 when cable television was in its infancy. Since then we've grown into the world's largest TV network by becoming part of the fabric of youth culture, and by respecting audience diversity and different cultures. We're delighted to be launching MTV Arabiya and looking forward to working with our partners to provide the best youth programming,"²⁵ said Singh.

MTV commissioned ad agencies TBWA\Raad and Fortune Promoseven to handle the launch of the Channel in the Middle East.²⁶ "We're targeting normal Arabs. We're not targeting educated, private school people. Those are Arab society's niche. They are not more than 10 percent of the population. We are trying to appeal to the masses,"²⁷ said Samer Al Marzouqi, channel manager, MTV Arabia.

MTV ENTERS THE MIDDLE EAST

MTV Arabia was considered by experts as the biggest launch in MTVI's history in terms of potential audience at launch.²⁸ An exclusive, star-studded preview event marked the launch of MTV in the Middle East. The launch featured performances by eminent stars such as Akon, Ludacris, and Karl Wolf along with local hip hop group Desert Heat. The channel was formally launched on November 17, 2007, as a 24-hour, free-to-air television channel, having a target audience in Saudi Arabia, Egypt, United Arab Emirates, Lebanon, Bahrain, Jordan, Kuwait, Oman, Qatar, Yemen, Palestine, and Syria. MTVa.com, an Arabic and English language website, complemented the channel and provided users with a wide range of online community and interactive elements.

In line with its mixed-content strategy, MTV Arabia was to showcase 60 percent international music and 40 percent Arabic music, along with the local version of the channel's popular international non-music shows. About 45 percent of MTV Arabia's content was to be produced locally, with the rest translated. In this regard, Roedy commented, "The key is that the packaging,

²³ Matt Pomroy, "The Revolution Will be Televised," www.arabianbusiness.com, November 15, 2007.

²⁴ Sarah Raper Larenaudie, "MTV's Arab Prizefight," www.time.com, November 2, 2007.

²⁵ "Arabian Television Network Partners with MTV to Launch MTV Arabia," www.mediame.com, December 27, 2006.

²⁶ Iain Akerman, "MTV Hires Two Agencies for Launch of MTV Arabiya," www.brandrepublic.com, May 23, 2007.

²⁷ Dana El Baltaji, "I Want My MTV," www.arabmediasociety.com, May 2008.

²⁸ Irene Lew, "MTVNI Ups Singh," www.worldscreen.com, April 30, 2008.

attitude, and obviously the language, should reflect the country. There is already great music there.”²⁹ The channel’s programming was to have a mix of music videos, music-based programming, general lifestyle and animated programs, reality shows, comedy and dramatic series, news specials, interviews, and documentaries. Besides international MTV shows, MTV Arabia was also to design new shows in Arabic to cater to pan-Arab youth audiences.

The company also said that the channel could act as a cultural unifying force in a region known for its political tensions. “The launch of MTV’s 60th channel is a chance to correct misconceptions of the region. . . This part of the world has been associated with stresses and tensions . . . the one thing music can do is act as a unifying cultural force across regions,”³⁰ Roedy said.

RATIONALE BEHIND THE VENTURE

Favorable demographics had been one of the key rationales behind MTV’s commercial launch in the Middle East. About 65 percent of the Arab population consisted of youth under the age of 25 and the launch of MTV Arabia would provide MTV an opportunity to cater to a 190 million audience.³¹ Further, though the Arab market was crowded with more than 50 channels, none of them provided a global platform to export the musical talent of the local youth. In this regard, Sayegh said, “Through our network, we now have more platforms to talk to our youth and in ways that have never been done before in the Middle East.” Since young people “represent 65% of the population in the Middle East, it’s time they were heard. . . Understanding the next generation is a key priority.”³² MTV being an international brand, had global reach and this became its key selling proposition for gaining critical mass in the Arab music world. Singh commented, “The fact that there has been no real youth platform, no real brand out there for the kids, makes us [feel] there is an opportunity for us.”³³

Moreover, the Middle East had the potential to offer MTV not only lucrative ad revenues but also numerous media like mobiles and the Internet to reach its end consumers. Singh said “There are 37 million mobile subscribers in the wider Middle East, which is phenomenal and the average revenue per user is comparable to Western Europe. We believe that’s where the future is — the ability to watch content wherever and however you want. We want to provide Middle East youth with the opportunity to watch MTV on mobile, on broadband, and on television. We’re in discussions with mobile operators in the UAE, Kuwait, and Egypt, to look at how to distribute MTV content. There’s been a huge amount of interest in that.”³⁴ Products such as MTV Overdrive in which the user could download the video at broadband speed, and MTV Flux in which the online users could create their own TV channel were expected to help in luring the various Internet service providers in the region to MTV and to become major sources of its revenue.

The existence of various communication media with mass reach was expected to act as a catalyst in augmenting the channel’s penetration rate in the Arabic region. In times to come if the channel validated its success in the Middle East, it would become a major revenue contributor to the MTV group.

²⁹ Lynne Roberts, “MTV Set for Middle East Launch,” www.arabianbusiness.com, October 17, 2007.

³⁰ Simeon Kerr and Peter Aspden, “MTV Arabia Beams ‘Bling’ to Gulf,” www.ft.com, November 17, 2007.

³¹ “MTV Arabia to launch November 17,” www.mediame.com, October 28, 2007.

³² Ali Jaafar, “MTV Arabia Announces Lineup,” www.variety.com, October 28, 2007.

³³ Von Andrew Edgecliffe Johnson, “MTV Tunes in to a Local Audience,” www.ftd.de, October 26, 2007.

³⁴ “MTV Arabia to be Launched Soon,” www.oceancreep.com, October 8, 2007.

KEY CHALLENGES AND SUCCESS STRATEGY

MTV was known for airing sexually explicit and provocative programmes. In other words, it carried with it an image of open Western culture. This explicit Western culture projected by MTV went contrary to the socially conservative culture of the Middle East and could be a key bottleneck to the channel's acceptance in the Arab region, according to analysts. "As a brand, one would think that MTV is the ultimate example of what the religious, conservative cultures of the Middle East would most revile about Western pop culture,"³⁵ according to leading brand portal brandchannel.com. Adapting content to suit local tastes too could prove challenging because of many different countries comprising the region. What was acceptable in Dubai may not be acceptable in other parts of Saudi Arabia; what was acceptable in Egypt may not be acceptable in Jeddah (in Saudi Arabia). Analysts felt that the company also had to maintain what it stood for and too much localization could dilute its brand. And to complicate matters, there were strong anti-American sentiments prevalent among a large section of the population. Issues such as the US invasion of Iraq and its support to arch enemy Israel had left many Arabs angry.

However the channel seemed well prepared to overcome such impediments to its growth plans in the Arab market. Though MTV Arabia would air its popular international programs, the network said that music videos and reality shows like "HIP Hop Na" and "Pimp my Ride" would be appropriately edited to ensure their alignment with the cultural ethos prevailing in the Middle East. Commenting on this, Sayegh said, "when we come to people's homes, we want to earn their respect,"³⁶ He explained that there would be "culturally sensitive editors going through content of the programming."³⁷ In short, the channel expected to respect the local culture without diluting its brand. The channel aimed to prove that despite being a global brand, it would be a channel for the Arabs and made by Arabs — by people just like them.

Analysts said that MTVN's entry into the Middle East, which already had more than 50 local music channels operating, would be marked by stiff competition. In other words, unlike its past forays into India and Europe, MTV would not be entering a virgin music industry when it came to the Middle East. If on the one hand, the existence of a youth population was a business opportunity for MTVN, the same favorable demographic factor had also led to the explosion of dozens of local music channels which had a better understanding of the local audience's taste and could pose a formidable threat to MTVN's growth in the Middle East.

Also channels such as Rotana and Melody, which had already created a niche for themselves in the region, could pose a big competitive threat to MTVN. These channels had been functioning taking into account the tastes of the youth and had been able to attract a huge chunk of their target segment by offering creative concepts like games that allowed viewers to be part of the action from home along with interesting programs, music videos, and various artist albums and concerts. Moreover, some popular Arab music stars had already signed exclusive deals with some local channels. The challenge for MTV would be to not only find the right content but also ways to connect and captivate the Arabian youth, who were habituated to log on to any number of sites and enjoy music channel and videos according to their whims and fancies.

However, MTV Arabia was confident of scoring over its competitors and posting an impressive growth in the years to come. To overcome competition, the channel planned to project itself as unique and different from the existing lot. It proposed to establish itself as a platform wherefrom

³⁵ "Will the MTV Brand Change the Middle East?" www.brandchannel.com, December 3, 2007.

³⁶ "MTV Aims to Win over Middle East," www.cnn.com, November 19, 2007.

³⁷ "MTV Aims to Win over Middle East," www.cnn.com, November 19, 2007.

the Arab youth could voice their local concerns as well as advertise their music talent. For instance, MTV Arabia's flagship show "HIP Hop Na" would audition the best local hip-hop acts in seven different Middle Eastern cities. Thereafter, the winner from each city would get a chance to record a track for a compilation CD produced by Fred Wrecks³⁸.

In a nutshell, MTV Arabia would not only provide entertainment but would also leverage on its global reach to advertise the musical talent of Arab youths. In this connection, Samaha said, "We are not only a music channel, we are an entertainment channel where young Arabs will get a voice."³⁹ He added, "MTV Arabia is a fresh take on MTV the brand, made by Arabs for Arab youth, and is dedicated to their self-expression. We've done extensive research to listen to our audiences, and MTV Arabia will be the first free-to-air channel to celebrate young people and their lives and talents from across this dynamic, vibrant region. We'll also offer audiences a window to the world of global youth culture, bringing top international entertainment to the region and showcasing the Arab region in the context of what's happening around the world. Through MTV's global network, we'll also be able to export Arabic music and culture to the international stage."⁴⁰

Also, the programming line-up would feature more local content (Refer to Exhibit IV for a note on local production program to be aired on MTV Arabia) in comparison to other localized MTV ventures. There would be a localized version of popular shows such as "MADE" (al Helm) and "Boiling Point" (Akher Takka), which would constitute 40 percent of the content to be aired on MTV Arabia.

The company also said it did not expect anti-American sentiments to affect its chances in the region. MTV said that it expected to win over the target segment with content relevant to them. Moreover, it said that its research before the launch had shown that the majority of respondents thought that MTV was a European or Indian brand.⁴¹

THE ROAD AHEAD

MTVN catered to a huge market segment of nearly 2 billion people worldwide and was expected to provide a global platform for Arabic music and culture. It had influenced young people all over the world and given them a voice and it would try to do the same in the Middle East. An Arabic category was already added in MTV Europe Music Awards 2007, giving Arabic music the much needed global platform.

The MTV-AMG combine would not only provide entertainment to the region but would also take up social issues and try to contribute to Arab society, according to the network. In this regard, Sayegh commented, "We are going to encourage education and look for solutions to problems such as unemployment. These are all causes on our agenda."⁴²

MTVN along with AMG, planned to expand its operations in the Middle East. It had already announced the launch of Nickelodeon Arabia in 2008. It would be the first free-to-air channel for

³⁸ Fred Wrecks is a Palestinian-born hip-hop producer who has worked under some of the eminent record label such as Doghouse Records, Virgin Records, etc. He has also worked with many distinguished rap stars like 50 Cent and Snoop Dogg.

³⁹ "MTV Looks to Conquer Middle East Market," www.aol.in, November 18, 2007.

⁴⁰ "MTV Arabia to Launch November 17," www.middleeastevents.com, October 27, 2007.

⁴¹ Adam Sherwin, "MTV Arabia to Feature Regional Talent and Tone Down Network's Risque Content," www.business.timesonline.co.uk, November 16, 2007.

⁴² Simeon Kerr and Peter Aspden, "MTV Arabia Beams 'Bling' to Gulf," www.ft.com, November 17, 2007.

children in Arabic. Roedy commented, “Adding the voices of Arab children to our worldwide Nickelodeon family is a significant milestone in our history, and advances our ambitious strategy to build a portfolio of integrated kids businesses across the region. The Middle East is a dynamic, thriving market with vast growth opportunities, and we look forward to launching even more MTVNI brands and businesses through our successful partnership with AMG.”⁴³ Singh added, “The launch of Nickelodeon Arabia is a part of our wider, ongoing multi-platform strategy encompassing consumer products, digital media, hotels and theme parks, which we hope will establish Nickelodeon as the premier destination for kids in the region.”⁴⁴

Thus far, MTVN’s model of entering a market in partnership with a local partner and following a localization strategy had worked well for the company. Analysts felt that only time would tell whether the company would succeed in the Middle East. But Singh had a rather philosophical take on what success meant. To him, the venture would be a success when people in the smallest cities of the Middle East came up to him and professed their love for MTV. “After all, it’s not about how many eyeballs you reach, it’s about how many people relate to you,” he said.⁴⁵

⁴³ “Arab Media Group and MTV Networks International to Launch Nickelodeon Arabia in 2008,” www.ameinfo.com, October 20, 2007.

⁴⁴ Stuart Kemp, “MTV, Arab Media to Launch Nickelodeon Arabia,” www.hollywoodreporter.com, October 17, 2007.

⁴⁵ Tamara Walid, “Finally Got My MTV,” www.arabianbusiness.com, November 22, 2007.

Exhibit I

A Note on Viacom Inc.

Viacom was established as a public company in 1971. In 1985, it acquired a 65 percent stake in MTV Networks, which included MTV, VH-1, and Nickelodeon, and purchased the remaining interest in 1986. In 1991, Viacom completed its purchase of MTV Europe by acquiring a 50 percent stake from British Telecommunications and other parties. In 1994, the Viacom Entertainment Group was formed through a merger with Paramount Communications Inc. In 2000, CBS Corporation, a major media network in the US, merged with Viacom, as a result of which TNN (re-named as Spike TV in 2003) and CMT (Country Music Television) joined the MTV Networks. The BET (Black Entertainment Television) channel was acquired by Viacom in 2001. In the early 2000s, Viacom launched many channels worldwide under MTV Networks and BET.

In 2005, Viacom Corporation split into Viacom Inc. and CBS Corporation. In 2006, Viacom Inc. was one of the world's leading media companies operating in the Cable and Satellite Television Networks (C&S) and film production divisions.

VIACOM INC. BRANDS*

Cable Networks & Digital Media

- MTV Networks (Comedy Central, CMT, LOGO, MTV, MTV 2, MTV U, MTV Networks Digital Suite, **MTV International**, MTV Networks online, Nickelodeon, Nick @ Nite, The N, Noggin, Spike, TV Land, VH-1)
- BET Networks presents the best in Black media and entertainment featuring traditional and digital platforms. Brands including BET, BET J, BET Gospel, BET Hip Hop, BET.com, BET Mobile, BET Event Productions, and BET International deliver relevant and insightful content to consumers of Black culture in more than 84 million households.

Entertainment (Film & Music Publishing)

- Paramount Pictures
- Paramount Home Entertainment
- DreamWorks SKG
- Famous Music

* The list is not exhaustive

Source: www.viacom.com

Exhibit II
Selected Financials of Viacom

(US\$, million)	2008	2007	2006
Revenues	14,625	13,423	11,361
Operating Income	2,523	2,936	2,767
Net Earnings	1,251	1,838	1,592
From Media Networks			
Revenue	8,756	8,101	7,241
Operating Income	2,729	3,048	2,904

Adapted from http://www.viacom.com/news/News_Docs/78157ACL.PDF

Exhibit III

Music and Entertainment Channels in Saudi Arabia

As of early-2008, there are 370 Arabic satellite TV networks broadcasting in the Middle East. This is an increase of 270 percent since 2004.⁴⁶ Among these, 56 belong to private companies, 54 are music channels, and 38 are state owned. Most of these are headquartered in United Arab Emirates (22 percent), Saudi Arabia (15 percent), and Egypt (11 percent).

In Saudi Arabia alone, there are more than 200 free-to-air satcasters and 50 music channels in the region. Some of the important music and entertainment channels are:

Mazzika, which offers a variety of music and light entertainment programs.

Melody Hits, which is a music channel airing Arabic and international music videos.

MBC, headquartered in Dubai, which is a pan-Arab news and entertainment television channel. **MBC 2** is a non-stop premium movie channel. **MBC 3** is a children channel and it broadcasts famous animated kids' shows, including exclusive translated titles and live action and animated feature films. It also airs family shows and family movies for younger audiences as well as the adult audience. **MBC 4** broadcasts specifically American programs.

Nojoom, which is a music channel airing Arabic and international music videos.

Rotana TV network, which broadcasts Arabic music and films. It has six channels under its wings — Mousica, Rotana Clip, Rotana Tarab, Rotana Khalijiyya, Rotana Cinema, and Rotana Zaman. The channels are dedicated to Arabic pop music, Arabic classical music, interactive games, Gulf music, cinema, featuring the biggest and latest blockbuster releases, and old classical movies.

Saudi Arabian TV, which features live coverage of Ramadan, Hajj, and Eid prayers. It also shows popular movies and news programs.

Shada channel — a part of the Al Majd Group — which is a channel totally devoted to Islamic songs (Anasheed).

Wanasah TV channel, which broadcasts music videos and some variety programs. All its programs are in Arabic.

Panorama FM, which is a music radio channel in Arabic.

Radio Rotana FM, which broadcasts customized programs and the latest Arabic hits fifteen days ahead of any of its competitors due to an exclusive deal with Rotana Music.

Radio Fann FM, which broadcasts a mix of the latest Arabic, English, and International music hits, along with hourly news broadcasts and various customized programs.

Al-Ikhbariya channel, which broadcasts news and current affairs.

* The list is not exhaustive

Compiled from various sources.

⁴⁶ “Arab Satellite TV channels Rapidly Expanding,” www.xrdarabia.org, November 14, 2007.

Exhibit IV

Local Productions to be Aired on MTV Arabia

The flagship local show :

Hip Hop Na, a twelve-episode series which follows auditions to uncover the best local hip hop acts in four different Middle Eastern cities

Music Related Show:

Waslati, viewers with webcams become VJs and introduce three of their favorite videos.

Baqbeeq is a music trivia show with a twist, where interesting and hilarious bits of trivia pop up through the most popular videos in the world.

Introducing Block goes behind the scenes in the music industry, with exclusive interviews and performances by the biggest international and Arab stars.

Other Programs:

Al Helm, based on MTV's *MADE* format, follows the journey of aspiring teenagers looking to fulfill their dreams with the help of an MTV Arabia-supplied 'coach.'

Al Hara tours the Middle East's street scene, and features previously unknown artists displaying innovative talent in skills like beat-boxing, break-dancing, or magic acts. The show is based on MTV's international program format, *Barrio 19*.

In *Akher Takka*, based on MTV's hit format, *Boiling Point*, actors antagonize stressed-out 'victims' who can win a cash prize if they manage to keep their cool in extremely annoying situations.

Compiled from various sources.

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