

الهيئة العامة
لتنظيم الإعلام
GENERAL AUTHORITY
OF MEDIA REGULATION



The State of Media Sector in the Kingdom of Saudi Arabia and Opportunities for Investment

2024



Mr. Salman bin Yousef Al-Dossary

His Excellency the Minister of Media,
Kingdom of Saudi Arabia.

Chairman of the Board of Directors,
General Authority of Media Regulation.

Foreword by the Ministry of Media of the Kingdom of Saudi Arabia

In recent years, Saudi Arabia's media sector has undergone a radical transformation, underpinned by Vision 2030's ambitious goals of economic diversification and promoting innovation. This evolution extends beyond economics, encompassing state-of-the-art infrastructure upgrades and robust regulatory framework development to ensure sustainable growth in the domestic media sector.

As Saudi Arabia progresses towards its Vision 2030 targets, we attract global attention, offering a platform to show-case the boundless potential of our media sector to provide unprecedented opportunities to companies and investors eager to participate in this transformative journey.

2024 marks the year of transformation in Saudi Arabia's media sector, which adapts to emerging transformational factors, most notably the shifting audience preferences, and provides fair and inclusive access to funding. The focus on nurturing young Saudi talents – creative minds capable of global influence – combined with strategic planning and resource allocation, and cutting-edge infrastructure, well positions us to dramatically elevate Saudi media's presence on the global stage. This approach is set to exceed all expectations.

This report is an important step in cementing Saudi Arabia's position as a leader in the future of regional media, under the leadership of the Ministry of Media. It serves as both an inaugural edition of an annual report series and a comprehensive reference documenting the sector's progress. Moreover, it spotlights success stories and opportunities available to investors, media professionals, and consumers, inviting them to join Saudi Arabia's media ecosystem as it gains deserved international recognition.

We are committed to providing an effective regulatory environment that balances innovation with consumer protection. This approach not only increases investment flows but also ensures the creation of distinguished media content that resonates with societal needs and values.

We welcome all those who wish to join us on this unique journey to explore the tremendous opportunities offered by Saudi Arabia's media sector and contribute to achieving a bright and prosperous future for this vital sector.

Glossary

a-b

AdTech. Technologies and platforms used to automate, optimize, and analyze the process of delivering advertisements to target audiences across various digital channels, including display, video, mobile, and social media

Advertising Video on Demand (AVOD). Streaming service that provides free content to viewers supported by advertisements

AR. Augmented Reality

ARPU. Average revenue per user

c-d

CAGR. Compound Annual Growth Rate

Digital audio advertising. Pre and in-stream audio ads that appear in music and podcast streaming services

Digital classifieds. Online platforms where individuals or businesses can advertise goods, services or job opportunities. These platforms are typically websites or apps that allow users to create and post ads for a fee or for free

Digital media. Digital newspapers & magazines, OTT video, and music streaming

e-l

E-books. Digital versions of printed books that can be read on electronic devices

Electronic Sell-Through (EST). Refers to individual purchases of films or series as direct downloads, analogous to the purchase of a DVD or Blu-ray

E-Sports. Competitive video gaming at a professional level, often organized into leagues and tournaments with substantial prize pools

ICT. Information and Communication Technology

IP. Intellectual Property

Internet of Things (IoT). Network of interconnected devices embedded with sensors, software, and other technologies to exchange data

m-r

Machine Learning (ML). Subset of artificial intelligence where systems learn from data to improve performance on a specific task

No Objection Certificate (NOC). Official document issued by KSA authority to indicate no objection to a request or proposal made by an individual or organization

Out-of-Home (OOH). Advertising or marketing efforts targeted at consumers when they are outside of their homes, such as billboards, transit ads, and street furniture advertising

Over-the-Top (OTT). Content delivery directly to viewers via the internet, bypassing traditional cable or satellite television platforms

Role-Playing Game (RPG). A genre of video game where players assume the roles of characters in a fictional setting, typically with the goal of completing quests, exploring worlds, and developing their characters' abilities and attributes

s

Search Engine Optimization (SEO). Process of improving a website's ranking on search engines to create higher visibility and increase organic traffic

Software as a Service (SaaS). Software delivery model where applications are hosted by a third-party provider and accessed by users over the internet, typically on a subscription basis

Subscription Video on Demand (SVOD). Streaming service that offers unlimited access to a library of video content for a recurring fee

t-z

Third-Party Game (TPG). Video game developed by a company or individual other than the platform holder

Traditional media. Print media, linear TV, and traditional radio

Transactional Video on Demand (TVOD). Streaming service that allows users to rent or purchase individual pieces of content on a pay-per-view basis

Triple-A Games (AAA Games). High-budget video games developed by major studios with significant resources, typically featuring advanced graphics, expansive worlds, and polished gameplay

User-Generated Content (UGC). Content created by users rather than traditional content producers

For the purpose of currency conversion in this report, 1 USD = 3.75 SAR

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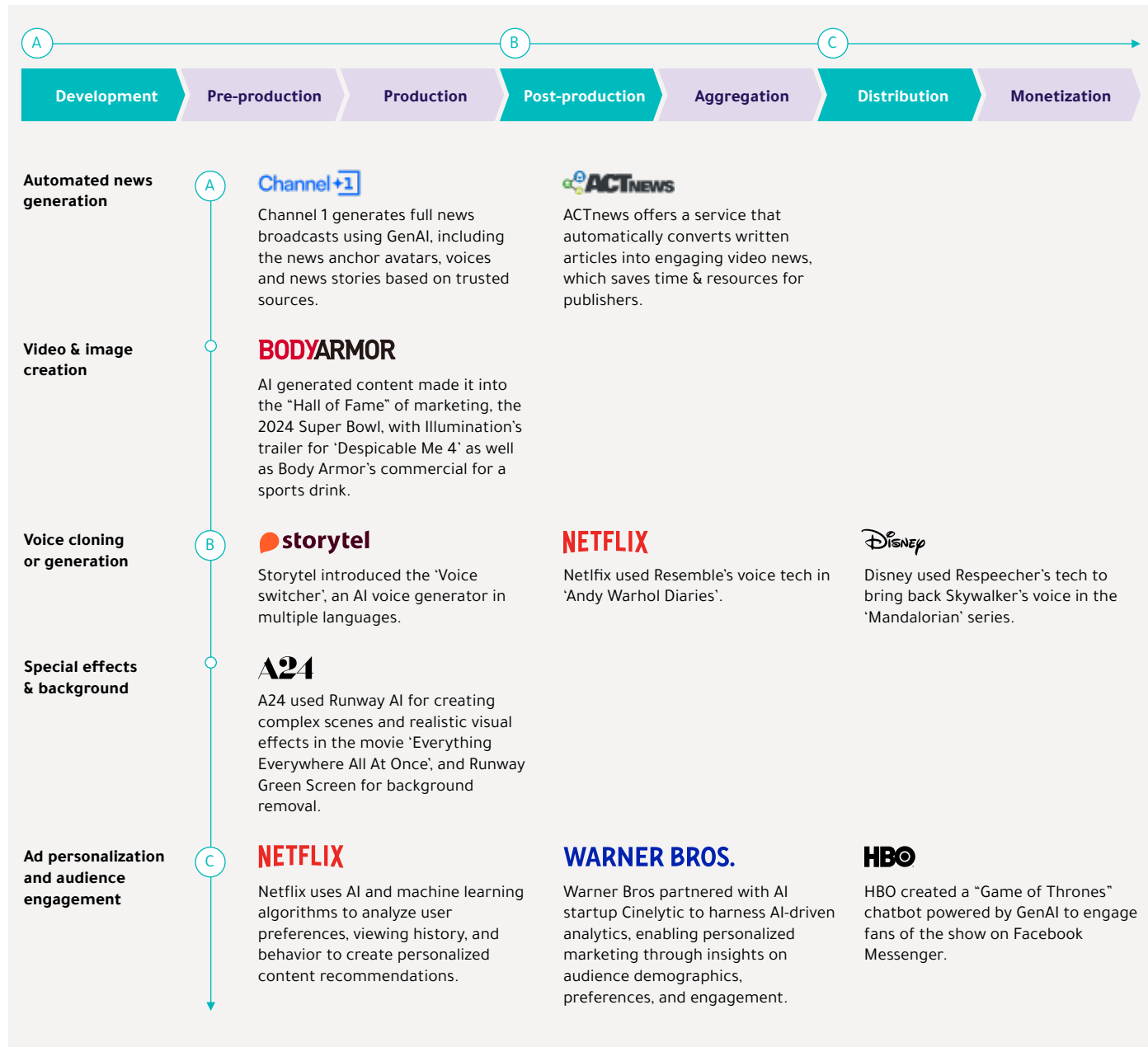
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01

Introduction

The media industry in recent times faced significant challenges due to macroeconomic issues such as inflation, high interest rates, and recessionary pressures, impacting consumer spending and advertising budgets. On top of that, geopolitical instability, such as the war in Ukraine, disrupted supply chains and global media consumption.

The introduction of new technologies such as GenAI, augmented reality (AR), virtual reality (VR), and mixed reality (MR) has unlocked new opportunities for media companies, spurred job creation, and driven organizational transformation. Media companies also emphasized adopting eco-friendly practices and addressing environmental concerns.



AI has unlocked opportunities across the value chain by enabling creation of personalized and engaging content for audiences
Source: Arthur D. Little

2024 marks a turning point for the global media sector driven by improving economic indicators and the consolidation of key trends and competitive advantages reshaping the industry landscape.

Successful media ecosystems in the next decade will focus on six key areas:

1. Ensuring a world-class **media talent pipeline**
2. Scaling a competitive media ecosystem in terms of **services, offerings, and incentives**
3. Boosting **local content production**

4. Attracting international **media investors** and capabilities
5. Refining the **regulatory framework** to facilitate rapid sector development
6. Ensuring **global awareness and distribution of local content** in regional and international markets

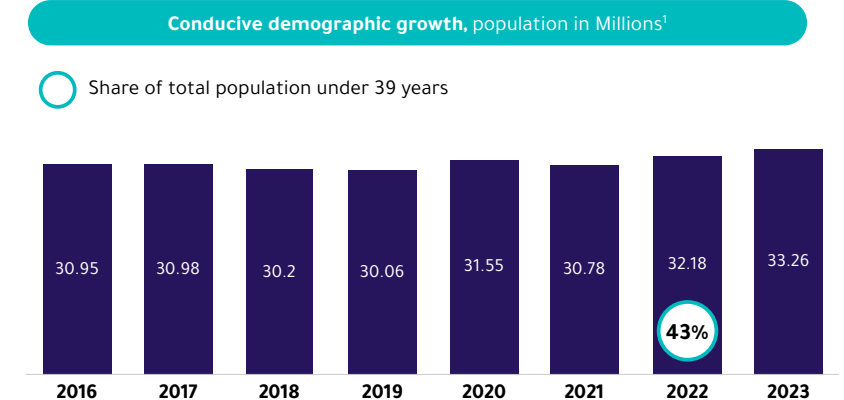
Driven by the ambitious "Saudi Vision 2030," the Kingdom of Saudi Arabia is on track to distinguish itself among both emerging and well-established media landscapes.

An impressive story of national transformation

Saudi Arabia is demonstrating foundational traits and impressive achievements that bode well for the targeted multiyear transformation led by Vision 2030

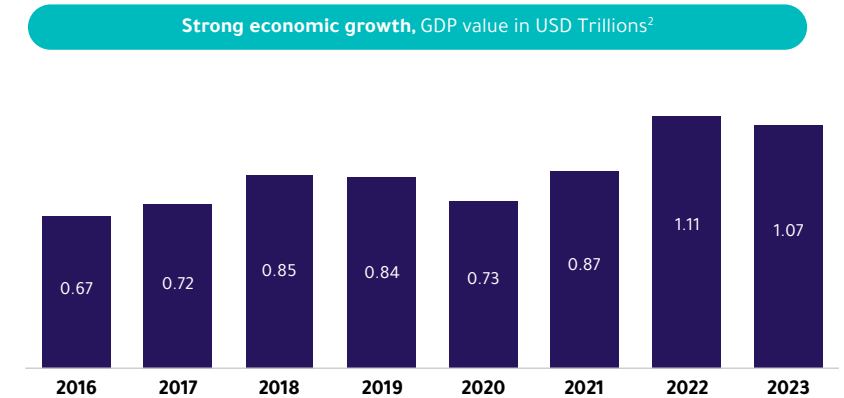
Young population

The demographic growth of Saudi Arabia has been notable over the past years (32.18 M in 2022¹), with its population characterized by a large young demographic. As of 2022, 43% of Saudis are under the age of 39.



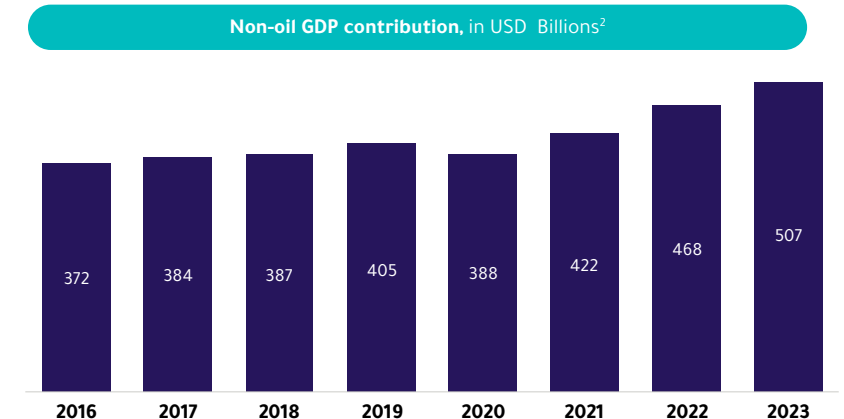
\$1 Trillion of added GDP

Saudi Arabia is one of the fastest-growing economies worldwide, especially among G20 countries. The Kingdom's economy achieved a notable landmark, surpassing the \$1 trillion mark in nominal GDP since the announcement of Vision 2030.



The economic diversification journey

Saudi Arabia's non-oil sector growth is a testament to the country's successful economic diversification. The share of non-oil related activities expanded by 4.7%³ in 2023, now accounting for almost 50% of the GDP.



1. GASTAT
2. Saudi Arabia: A Story of Transformation (2016 - 2023) report
3. Based on constant 2010 prices

Media sector as a driver of economic growth

Ensuring the growth of the media sector is a critical enabler of Vision 2030

Following years of business as usual, the Saudi media sector found itself on the brink of transformative change with the introduction of Saudi Vision 2030. With the announcement of the nation-wide transformation, the primary objective is to cultivate the media sector to enhance the lives of the Saudi population and establish itself as the region's content hub.

This new vision is centered around a series of strategic objectives that Saudi Arabia is actively pursuing, including:

- Enhancing entertainment options and quality
- Safeguarding national heritage and values
- Enhancing KSA's image locally and globally
- Boosting economic contribution

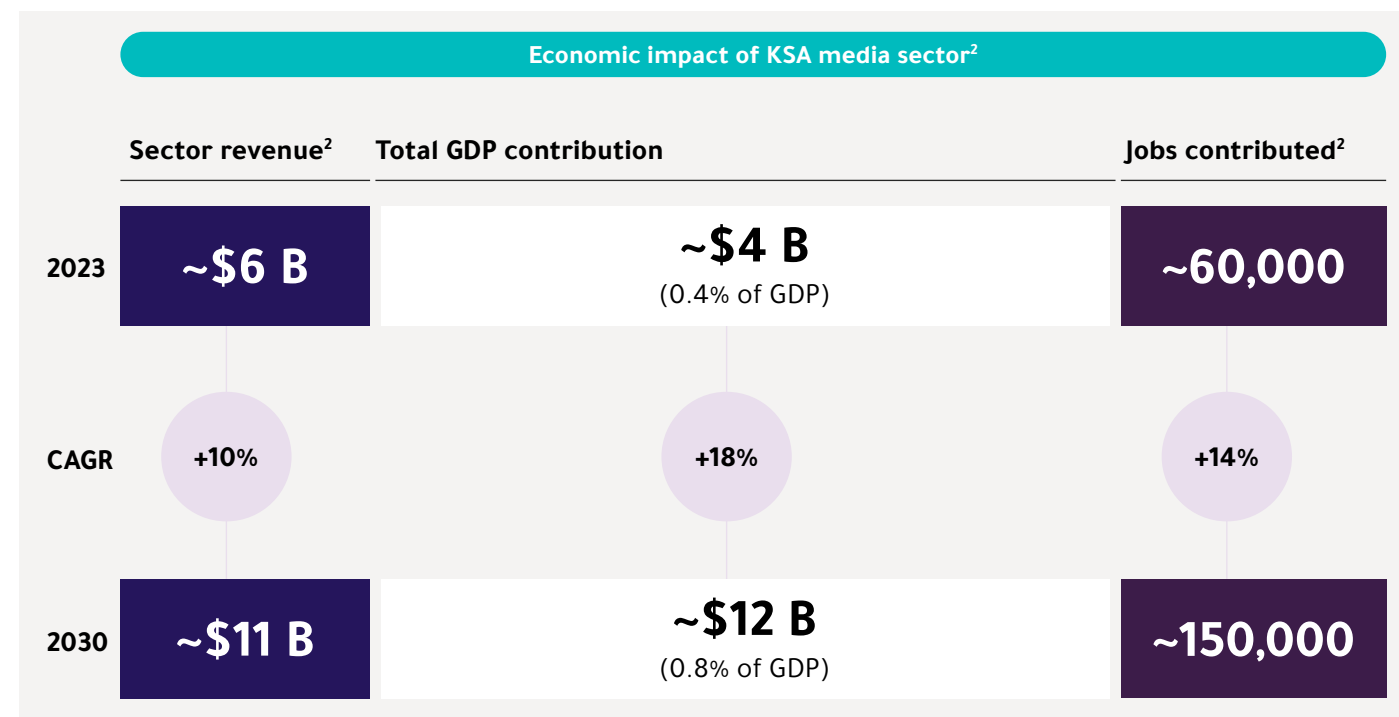
Vision 2030 is set to revolutionize the national media industry, transforming it into a hub of activity that

not only attracts and fairly compensates talent from around the world but also fosters innovation and plays a vital role in expanding the economic foundation.

Saudi Arabia's media sector is poised for significant growth, driven by its youthful demographic profile. With the highest population growth rate among G20 nations and 43% of its population being youth, the Kingdom is at the forefront of an evolving media landscape and digital revolution. This demographic dividend not only stimulates innovation and creativity but also propels the sector's growth.

The media sector in Saudi Arabia holds immense potential for socio-economic development and is strategically vital. The General Authority of Media Regulation (Gmedia) estimates that by 2030, the media sector will contribute roughly USD 12 billion (SAR 47 billion) to the national GDP, with significant growth in domestic job creation.

Media sector economic impact¹



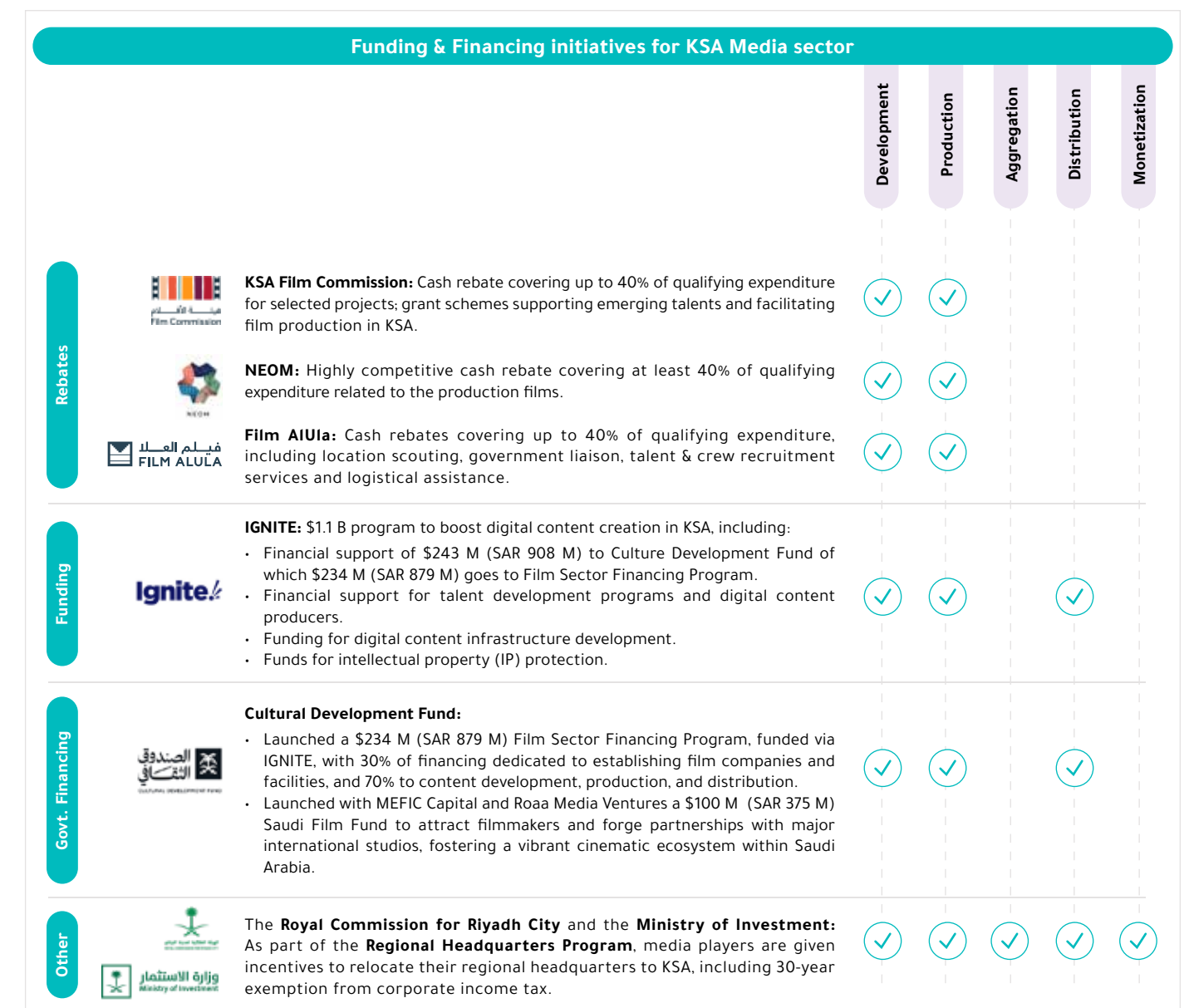
1. Numbers shown are rounded and in USD
2. Arthur D. Little estimate

Just a few years into the announcement of Vision 2030, Saudi Arabia is rapidly emerging as a country with world-class media infrastructure. This includes state-of-the-art production studios, supporting facilities, advanced digital technologies, and high-speed internet, all elements essential for the growth of media-related industries such as video, audio, gaming, publishing, and advertising. The country is also investing heavily in 5G networks and digital technology, supporting the way for innovative content creation, production, and distribution.

What sets Saudi Arabia apart is that the Kingdom is not only focused on supporting media content production projects, as most international media institutions do, but also on ensuring that media companies increas-

ingly embrace a culture of financial self-sustainability and entrepreneurship across content development, production, and distribution. Public media stakeholders have shifted from relying solely on grants and philanthropic support to implementing a diversified portfolio of financing mechanisms. These mechanisms reward production projects with robust scripts and production plans, offering rebates, lending guarantees, infrastructure financing, and co-production financing to prevent economic leakage.

Stakeholders in the media sector have also integrated talent development and support for small to medium media enterprises into national funding and incentive programs.



Source: Trade press, periodicals and news publications, organizations' websites, Arthur D. Little analysis

Saudi Arabia is fostering an environment that attracts world-class talent while utilizing its youthful, tech-savvy demographic to nurture a new wave of professionals across diverse media disciplines. This dynamic workforce is behind the success of an array of local productions, video games, and digital content, thereby amplifying the nation's creative prowess internationally.

Recent regulatory reforms in Saudi Arabia have laid the foundation for favorable conditions to attract investments and foster the expansion of the media sector. These reforms are designed to support media enter-

prises of all sizes, making it easier for both domestic and international entities to operate within the Kingdom.

Consequently, the Kingdom of Saudi Arabia is capturing the attention of the global media industry, thanks to highly acclaimed government efforts poised to establish itself as one of the most compelling media hubs globally. These efforts are opening doors for international media investors ready to explore the significant growth potential and opportunities present.

An expansion into Saudi Arabia represents an unprecedented opportunity for foreign media companies seeking to build, scale, and tap into new audiences domestically and regionally, as well as establish strategic partnerships to enhance their competitive positioning. Those looking to seize the upside should set their sights on Saudi Arabia. With a total population of over 32 million in 2022 and 43% of the population being below 39 years old, along with a favorable macroeconomic back-



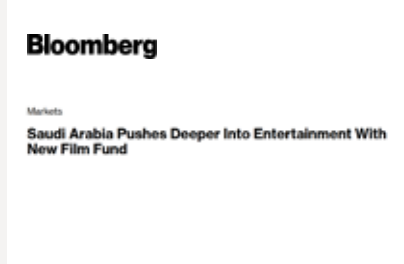


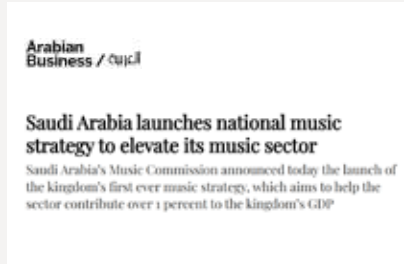




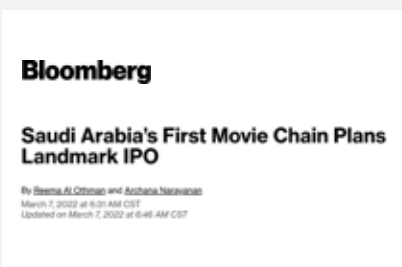

drop, Saudi Arabia offers massive opportunities across almost every type of media company and investor.



Investor opportunity

An expansion into Saudi Arabia represents an unprecedented opportunity for foreign media companies seeking to build, scale, and tap into new audiences domestically and regionally, as well as establish strategic partnerships to enhance their competitive positioning.

Media coverage for KSA media sector

KSA's nationwide push to grow the media sector has garnered global attention.

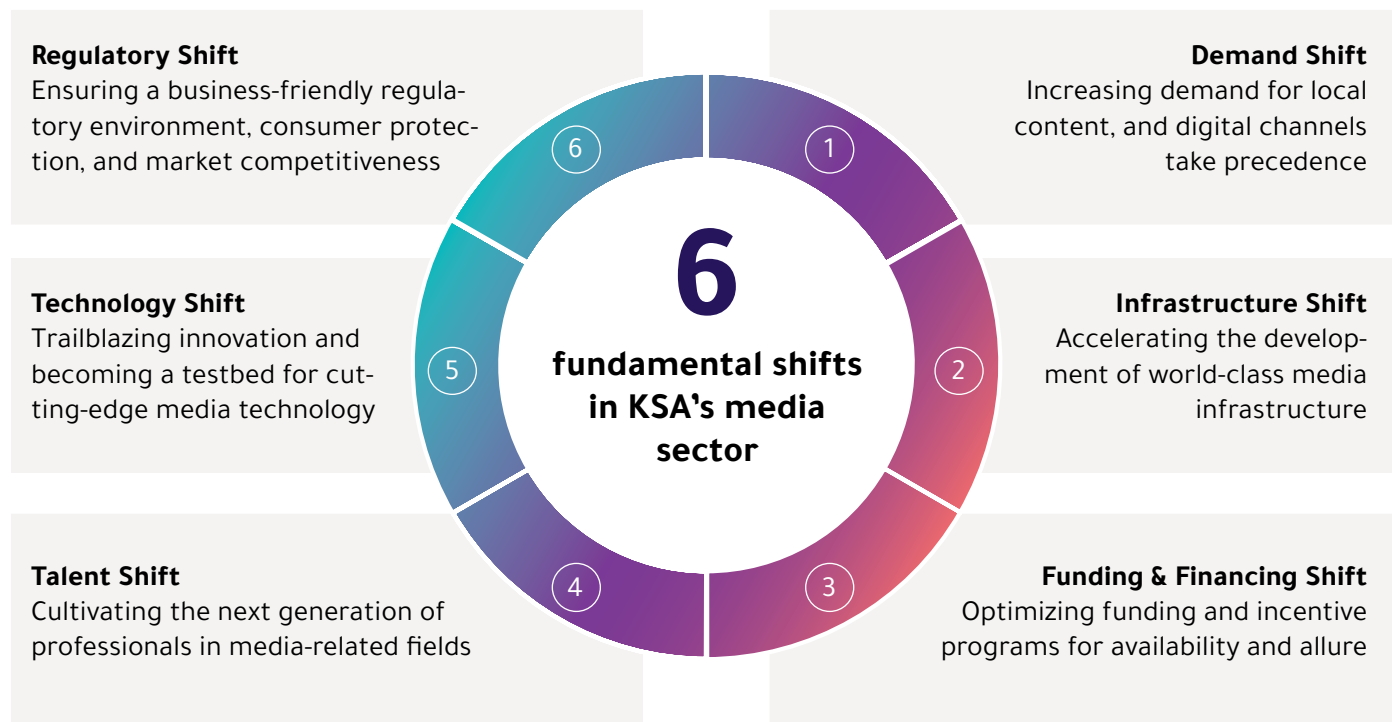
<p>A Drive local content development and expand monetization touchpoints</p>	<p>Partnerships across media segments: Establish commercial partnerships for content co-development and production, and share platforms and content libraries to meet the growing demand for local content and digital channels across media segments. Leveraging Saudi Arabia's leading position in the Arab world provides the opportunity to produce blockbuster films, cultivate Arabic music streaming champions, develop offerings in national and regional sports media, and establish innovative publishing houses to tap into larger audience segments, gain commercial synergies, and increase monetization touchpoints.</p>	<p>Partnerships in adjacencies: Partner with adjacent sector players to expand reach and leverage media convergence for mutual benefits. This could involve corporate partnerships and JVs with domestic telco and technology players to leverage their capabilities and consumer data, expand content popularity, and secure distribution solutions, especially in gaming.</p>
<p>B Support the development of leading-edge media infrastructures</p>	<p>Operational partnerships with giga-projects: Establish long-term strategic and operational partnerships with giga-projects such as NEOM, AIUla, and Diriyah to capitalize on the demand for film studios, cinema theaters, opera houses, and gaming venues. Codevelop and operate cutting-edge media infrastructures integrated with environmentally sustainable solutions and carbon-neutral components.</p>	
<p>C Contribute to the development of best-in-class media talents in MENA</p>	<p>Co-development of academic programs, campuses set up, and academic exchanges: Partner with domestic academic institutions, giga-projects, and public organizations through mechanisms such as PPPs to co-develop media and STEM programs that address student demand for media education.</p> <p>Facilitate academic exchanges and set up campuses in KSA to share best-in-class academic programs in the fields of video, music, and gaming. This collaboration can also enable new revenue streams for greater financial sustainability and create broader employment opportunities for faculty and other professionals involved in media education.</p>	
<p>D Develop national media crown jewels and bring them to the global stage</p>	<p>PE/VC funding & financing: Despite the availability of grant and rebate programs, Private Equity (PE) and Venture Capital (VC) as a form of financing lever remain limited due to the private sector's relative youth compared to more developed countries. Regulatory reforms supporting foreign investment have created a favorable environment for PE and VCs, enabling international funds invested in the media sector to offer recoupable financing mechanism (e.g., development funding, gap, slate, private credit, etc.) and early to mid-stage financing to help scale domestic media crown jewels.</p>	<p>Private equity acquisitions: Private equity M&A in the media sector is reinforced by its alignment with the country's ambition to enhance global perceptions through international media ventures. With fundraising slowing in the Gulf region, international funds can take advantage of Saudi Arabia's growing media industry to identify attractive targets for acquisitions with high cash flow potential.</p>
<p>E Foster the localization and development of next-generation technologies</p>	<p>Supply innovative technologies: Partner with giga-projects, public organizations, and successful domestic media companies to supply highly innovative and scalable technological solutions tailored to their specific needs.</p>	<p>Tech localization & co-development: Engage with innovation hubs, accelerators, and collaborate with local technology firms and startups for the localization and co-development of technology solutions for various media segments, including filmmaking, music, gaming, publishing, and advertising. Additionally, benefit from abundant funding opportunities and the sector's increasing technology spend.</p>

Investment opportunities are available for entities to enter and tap into the growth of Saudi Arabia's media sector. Source: Arthur D. Little

02

Fundamental shifts in Saudi Arabia's media sector

Within the media sector of Saudi Arabia, six significant transformations are reshaping the sector, each influenced by the unique starting conditions and cultural attributes of the Kingdom. These transformations are catalyzing profound changes and unlocking strategic opportunities for both new entrants and international investors. With the media sector revenues projected to approach nearly USD 11 billion (SAR 42 billion) by 2030, foreign media companies and investors have the potential to capitalize on the success stories and promising future that the Saudi Arabian media sector presents.



Major shifts in 6 areas are driving the transformation of Saudi Arabia's media sector. Source: Arthur D. Little

01: Demand Shift

Increasing demand for local content and digital channels takes precedence

In line with global trends, the post-pandemic world in Saudi Arabia has changed consumer behaviors and accelerated digital disruption, leading to industry tipping points in the years ahead. Many shifts that were already in play - such as the relentless rise of streaming, the move towards digital news media, and the growing influence of gaming and user-generated content - have gained momentum. However, the social, economic, and cultural transformations triggered by Vision 2030 have massively shifted audience demand towards local content clearly associated with the values and narratives of the Kingdom. This demand for local content in video, audio, and gaming is further fueled by the successful adaptations of international formats like Arab Idol, Saudi Idol, The Voice, The Masked Singer, and Top Chef, which resonate well with Saudi consumers and advertisers targeting them. Popular Netflix series, such as 'Crashing Eid' and 'Tahir's House', feature settings in Saudi Arabian families and emphasize Saudi culture. Inspired by the international recognition of KSA-made film projects like 'Sattar', the success of 'The Mo Show' as the Kingdom's first English podcast, or the headlines



made by Saudi Arabia's Musaed Al Dossary on becoming an esports world champion, the media audience in Saudi Arabia is rapidly creating opportunities at the intersection of local original content that can be accessed anytime and anywhere.

Foreign media production companies and OTT platforms with integrated production capabilities can capitalize on the demand for local content by partnering with top-tier talent, directors, and production studios to create original series, films, and specials that resonate with audiences worldwide. A successful example of this is Netflix, which established a partnership with Telfaz11 for the co-production of eight films. This collaboration aims to create authentic and intriguing stories that resonate with both Arab and global audiences.

Not only does this partnership allow Netflix to diversify its content library, but it also enables the platform to engage Arab viewers by showcasing Saudi culture, humor, and art, thus catering to the growing demand for local content in the region.

Partnerships outside the own media segment have the potential to be profitable, given the existing media convergence of adjacent sectors. The telecom sector is particularly prominent. Niche gaming companies and domestic telcos keen on diversifying into the gaming market can establish revenue-sharing partnerships. These partnerships can focus on complementing each other's capabilities, such as leveraging servers for an enhanced gaming experience. In return, telcos can gain access to exclusive game releases or in-game ad-

vertisements for their products. For example, the Turkish telecom company Turkcell partnered with Greek gaming developer Intralot to establish a joint-venture mobile game development subsidiary. Azerbaijani Azer-cell partnered with Japanese mobile conglomerate Do-como Digital to create a children-only app store for child-safe content. Alternatively, game developers can set up partnerships with local game studios focused on localizing game language, culture, and storyline to the Saudi context.

Media consumers in Saudi Arabia are clear-minded about what they want to watch, read, listen to, and play, and they are now firmly in control of how they spend their two largely finite resources - their time and money. Spanning content genres including comedy, live shows, sports, performance arts, and how-to content, the democratization of content in Saudi Arabia is a reality through platforms like TikTok, Twitch, and YouTube, which have continued to close the gap between domestic creative minds and generations of Saudi media consumers, especially through short-form "snackable" content as part of the overall proposition. While professionally generated content (PGC) has higher production values and often needs to conform to specific standards and regulations, user-generated content (UGC) on these platforms does not, allowing short-form and low-budget videos to reach a large audience base and be profitable. The growth of UGC as a regular content type for some audiences demonstrates the power of one-to-one connection and its impact on the media landscape.

Changing behaviors in media consumption in Saudi Arabia are opening a completely new window of opportunities for individual foreign creators and freelancers. Across the board, whether through Substack, which helps independent writers establish a subscription newsletter service; TikTok, which turns anyone prepared to share their videos into a creator; or the highly curated YouTube channels of key influencers, the ability for content creators to monetize their work without a third party (beyond the platform) represents a reality rather than a development trend.

In KSA, the nascent influencer economy is supporting the growth of specific content formats such as podcasts. Saudi Arabia is already leading in podcast content in the Arab world, with more than 67% of its adult population listening to at least one hour or more of podcasts a week¹. This massive addressable market represents an incredible opportunity for foreign digital audio platforms, key opinion leaders across sectors, and domestic media organizations.

An excellent example of such potential is the partnership between Spotify and Gamers8, the biggest gaming and esports festival in the world held in Riyadh, reflecting the dynamic intersection between gaming, music, and podcasting in Saudi Arabia's gaming landscape.

On the flip side, in line with global trends, the publishing and advertising sectors in Saudi Arabia are witnessing substantial challenges that are opening opportunities for foreign investors who can bring international experiences to a publishing sector under transformation.

In Saudi Arabia, digital news is increasingly replacing traditional print, driven especially by an expansion of news media on social media as the primary source for news. These shifts in news consumption have created a major financial challenge for traditional news organizations. While the digital advertising and consumer revenues (digital circulation) of news organizations have been growing, they are not increasing fast enough to offset the drop in print advertising and circulation. In line with global trends, digital influencers are driving the development of the influencer economy in Saudi Arabia.



1. Yougov, "Global: Where (in the world) are people listening to podcasts?"

In line with global trends, digital transformation of the news industry, brings with it two interconnected challenges: innovating business models and diversifying revenue streams. Although the Saudi news media ecosystem is increasingly digitalising, many companies are still constrained by a print-oriented mindset. This is evident in their fragmented newsroom operations and reliance on conventional content formats and delivery channels.

While innovation in their business models has been limited, some regional news organizations have started to diversify their revenue streams.

Several organizations, including Al Arabiya, Arabian Business, and the Saudi Research and Media Group (SRMG), are exploring sustainable business models and building avenues for growth.

These steps include developing new content products such as digital platforms, podcasts, videos, and research reports, as well as launching other businesses, such as media training and events. Some of these organizations are adopting paywalls for subscription models and membership programs.

The ongoing transformation represents opportunities for foreign investors and the overall Saudi media sector. Foreign social media platforms, digital news media players, and specialized technology companies have a tangible opportunity

to explore partnerships with domestic traditional publishers to accelerate their transition from traditional to digitally-enabled businesses and new monetization models. These partnerships can focus on setting up the digital editorial capabilities needed to shift to formats that match the preferences of the Saudi and regional audience, ranging from podcasts, short-form video, and written content to mobile formatting and influencer marketing.

In addition, specialized technology companies can provide cutting-edge Artificial Intelligence (AI) and data analytics applications allowing news publishers to associate their brand reputation with the notion of trust. This can be achieved through AI-based fact-checking and unlocking content monetization by improving ads and content targeting, enhancing recommendations, increasing content efficiency, developing and retaining audiences, automating reporting, and optimizing headlines.

The result of such potential partnerships is visible in the market, leading to the launch of commercial pilots with shared participation in new news media brands dedicated to the Saudi market. For example, Vice Media Group expanded its business in Saudi Arabia and has signed a deal to produce bespoke Arabic-language content across food, music, fashion, visual arts, and video games.



Source: Saudi Data & AI Authority picture library

02: Infrastructure Shift

Accelerating the development of world-class media infrastructure

From a socio-economic standpoint, lifting the 35-year cinema ban represented a significant step forward, allowing the country to boost its media sector. Following the lifting of the ban, the move was welcomed across Saudi Arabia, and tickets for the first public screening of 'Black Panther' in April 2018 by AMC Theatres (the first to open in Saudi Arabia) sold out in just 15 minutes. Since then, Saudi Arabia has witnessed exponential growth in media-related infrastructure led by giga-projects such as NEOM and AIUla.

Driven by the increasing adoption of digital channels by the Saudi audience as conduits for media consumption

and entertainment experiences, the development of physical media infrastructure remains a top priority for public stakeholders and a key enabler for the blossoming private sector. The development of technical infrastructures such as studios equipped with the capabilities required across the entire production cycle is accelerating due to the continuous growth of new media companies localizing their businesses in the Kingdom. Similarly, the number of physical distribution channels such as cinema theaters, music venues, and gaming centers is on the rise to accommodate the growing demand of media consumers and communities.



Currently, across Saudi Arabia, there are over 35 film studios with a size greater than 300 square meters (sqm). For instance, Film AIUla has completed its first phase of the film studio complex development, which includes two 2,415 sqm soundstages, a backlot, production support buildings, workshops, warehouses, a sound recording studio, and training and rehearsal space.

NEOM has recently completed construction of two new purpose-built, industry-standard, sound stages, bringing the total of operational stages to six, offering a total of 12,750 sqm of production space in addition to support and backlot facilities. Further, six stages offering 10,000 sqm of production capability, including a volumetric stage, are under development. NEOM's

facilities include resort-style accommodation for 350 cast and crew, with plans to increase it to 500.

The achievements in infrastructure development are not solely the result of government efforts and giga-projects. Saudi authorities are committed to encouraging and supporting both local and foreign firms to establish studios and new cinema theaters in Riyadh, Jeddah, and other cities.

For instance, Merwas and Al Baraha are notable examples of individual private sector companies successfully leading the design and execution of technical infrastructures, exemplifying how entrepreneurship has found a home in the Kingdom's media sector.



The Vision

From a visionary idea to its realization by founders Nada Al Tuwaijri and Rumayyan Al-Rumayyan, and further strengthened by a partnership with Sela, Merwas is a state-of-the-art music production studio and entertainment factory located in Boulevard Riyadh City, one of the 15 entertainment zones of Riyadh Season in Saudi Arabia.

The Purpose

“Alongside (Merwas) being a one-stop shop for all content creators, we strive to take our local talents from local to global and create a unique stamp in the industry”

Nada Al-Tuwaijri
Merwas co-founder and CEO

A World-class Studio

Merwas offers unparalleled access to world-renowned experts in music, art, and entertainment. Boasting 22 state-of-the-art studios, the project's scale and excellence have earned Merwas a prestigious Guinness World Record Certificate as the world's largest music production studio. Positioned as a hub of creativity in the Middle East, Merwas is not just a facility but a testament to the founders' vision to empower, develop, and nurture Saudi talents, safe-guarding their rights and enriching Saudi Arabia's artistic landscape.

International Recognition

Merwas stands as a beacon for local creatives and artists, offering them direct access to global expertise, premium services, and holistic solutions. Impressively, within just a year of its inception, Merwas has become the preferred destination for music artists worldwide, hosting A-listers and facilitating the recording of songs and albums in its cutting-edge facilities.

Notable contribution to local content growth

On the production front, it has been actively creating and releasing a multitude of shows, series, and podcasts across various platforms. Moreover, through its academy, Merwas has curated and delivered numerous training programs and workshops in the entertainment industry, benefiting over 1,000 students and enthusiasts across the Kingdom.

Wide Strategic Collaborations

Over the past year, Merwas has solidified its presence in the MENA entertainment industry through strategic collaborations. It has signed agreements and Memorandum of Understanding (MoUs) with various governmental and private sector entities, including General Entertainment Authority (GEA), Saudi Authority for Intellectual Property (SAIP), Quality of life Program (QoF), Culture Development Fund (CDF), Music Commission (MC), Rotana, and Saudi Telecom Company (stc). These partnerships have enabled Merwas to spearhead initiatives related to audio and video production, including educational endeavors.



Since 2018, when the first-ever cinema opened in KSA, more than 60 movie theaters with over 620 screens and more than 60,000 seats have been established across 20 cities in the Kingdom. These theaters are managed by private sector players such as Vox Cinemas, Muvi, Empire, and AMC, among others. The dynamic media distribution segment is also fostering partnership consolidation initiatives, with Saudi Entertainment Ventures acquired 100% AMC's cinema business, operating its 12 cinemas and continuing to use the AMC brand name in the Saudi market via a management licensing agreement. Film Commission estimates that by 2030, Saudi Arabia will be equipped with more than 1,000 movie screens, paving the way for multiple additional development projects.

Increasingly planned efforts are also being unveiled in relation to technical infrastructure. For example, giga-projects like NEOM and Qiddiya are actively involved in gaming infrastructure development, with NEOM announcing development plans for multiple gaming studios in the region. Meanwhile, Qiddiya has announced the plan to build a 500,000 sqm mixed-use gaming and e-sports district consisting of four e-sports venues capable of hosting up to 25 e-sports teams at any time. In 2023, NEOM and MBC Group announced plans to establish the first AAA games development studio in KSA. In parallel, Artisan Studios, a renowned Canadian AAA games developer, announced plans to open a game development studio employing over 200 people.

Film AIUla has announced plans for the construction of a cutting-edge music recording studio. The studio will encompass a 190 sqm studio space, a 47 sqm control room, two ISO booths, catering facilities, and a rack room. The Diriyah Gate Development Authority announced plans to open the region's first-ever opera house, comprising a 20,000-seat performance arena.

NEOM announced Utamo, an immersive multipurpose performance space nestled in the mountains along the

Gulf of Aqaba coastline, where reality and the digital realm converge. Integrated with VIP lounges and signature restaurants, Utamo will be one of the world's most exclusive event spaces, as it plays host to performances from the globe's greatest artists.

While the traditional publishing sector is under pressure due to the shift from physical to digital consumption, Saudi Arabia, as the center of the Arab world and a leader in Quranic studies, continues to ensure innovation in the field through one of the most important publishing complexes in the sector. The King Fahd Complex for the Printing of the Holy Quran in Medina, established in 1985, is a major printing plant that utilizes cutting-edge technology to produce Quranic texts, recordings, translations, and books in multiple languages for distribution worldwide. Producing approximately 20 million copies annually and offering publications in more than 75 languages, the King Fahd Complex is supported in its expansion by the government and collaborates with Islamic scholars to ensure the authenticity of its offerings.

All these developments make Saudi Arabia a great business opportunity for foreign investors willing to capitalize on the potential of the media sector. Companies specialized in technical infrastructure can thrive by establishing long-term partnerships with giga-projects such as NEOM, AIUla, and Diriyah, especially for developing cutting-edge infrastructure powered by next-generation technologies and environmentally sustainable solutions. As evidenced by programs such as the Saudi Green Initiative, offering carbon-neutral materials and solutions represents a rewarding opportunity that can also open doors to adjacent sectors like entertainment and hospitality.



03: Funding and Financing Shift

Optimizing funding and incentive programs for availability and allure

As the Kingdom's media market undergoes rapid evolution, it is establishing itself as one of the most advanced media ecosystems regarding the availability and attractiveness of funding and incentive programs. The availability of a diverse range of funding and financing programs not only supports businesses across the media value chain but also encourages them to consider relocating their operations to Saudi Arabia. All these efforts aim to foster a culture of financial accountability within the private sector and fiscal responsibility at the public sector level, thus ensuring a healthy media ecosystem and maximizing economic contribution, in alignment with the objectives of Vision 2030.

For example, the Film Commission and NEOM stand out for their generous cash rebate mechanism, covering 40% of qualifying expenditures, and grant schemes designed to nurture emerging talents, positioning Saudi Arabia as a prominent hub for media and entertainment activities. Similarly, Film AIUla provides extensive support for film and TV productions, including cash rebates, talent recruitment, and government liaison services, with the goal of establishing AIUla as a premier shooting destination.

Additionally, the Cultural Development Fund (CDF) has introduced a substantial USD243 million financing initiative for the film sector, with a significant portion allocated to establishing companies, facilities, and developing film content. CDF has also signed a USD100 million agreement with 'MEFIC Capital' and 'ROAA Media Ventures' - two local firms - to establish the first Saudi film sector investment fund. CDF is the primary investor, contributing 40% of the total investment. The fund targets investment in film sector companies and projects, providing them with the necessary financing and ensuring that investments in the sector are managed with the best practices.


The initiative includes provisions for financial support to local, regional, and international companies and startups, infrastructure development, talent enhancement programs, and the implementation of improved policies and regulations to facilitate rapid sector growth.

By 2025, IGNITE plans to upskill over 4,400 individuals. The gaming industry in Saudi Arabia is poised for significant growth, with the Saudi Esports Federation unveiling a USD38 billion investment plan to stimulate investment in esports, and with the Public Investment Fund (PIF) setting up Savvy Gaming Group - a games and esports company - as a vehicle to drive corporate investments in the gaming segment.

Despite the availability of a wide range of funding and financing mechanisms, Saudi Arabia's media ecosystem remains largely untapped by private equity (PE) and venture capital (VC) investments. For example, funds can support the media industry by providing private credit as bespoke and flexible lending solutions for financing media businesses and supporting content creation and distribution. This lending spectrum extends from studios producing TV shows and movies to related businesses such as streaming services and talent agencies. Furthermore, PE and VC can find multiple opportunities to back companies with early to mid-stage funding to enhance their business and operating models, expanding in adjacencies like live entertainment and sports.

Regulatory reforms allowing majority acquisition of domestic companies by foreign investors have created a favorable environment for private equity. M&A in the media sector is reinforced by its alignment with the country's ambition to enhance global perceptions through international ventures. With fundraising slowing in the Gulf region, international investors can capitalize on Saudi Arabia's growing media industry by identifying early to mid-stage media production companies or game development studios as acquisition targets for their cash flow potential and content rights development.

In 2022, during the annual tech event LEAP, KSA introduced IGNITE, a USD1.1 billion initiative aimed at tripling the size of Saudi Arabia's digital content market in gaming, audio, video, and advertising.



Investor opportunity

Regulatory reforms allowing majority acquisition of domestic companies by foreign investors have created a favorable environment for private equity.

Source: Trade press, periodicals and news publications, organizations' websites, Arthur D. Little analysis

04: Talent Shift

Cultivating the next generation of professionals in media-related fields













Saudi Arabia is actively fostering its local workforce through initiatives aimed at reforming education, expanding vocational training, and incentivizing Saudization policies. These initiatives encompass reforms targeting enhancement of educational quality and alignment with labor market demands. Investments for expanding vocational training are further bolstering skill acquisition among Saudi youth. These initiatives not only support the growth and development of the local workforce but also contribute to creating an inclusive and diverse business environment in the Kingdom.

In the media sector, stakeholders are actively fostering talent development by offering specialized pro-

grams and vocational training to empower aspiring professionals. For example, the Ministry of Media has launched three media academies aimed at promoting synergy, with the ambitious target of training 4,000 participants within two years. These academies provide comprehensive educational tracks covering 50 theoretical and practical subjects, as well as specialized programs developed in partnership with top international universities. The Saudi Media Academy, Saudi Press Agency News Academy, and Saudi Broadcasting Authority Training Academy serve as crucial centers for talent development and innovation in the media industry.



KSA media sector talent development initiatives (non-exhaustive)

Cinema	Music	Journalism	Gaming
 <p>Since 2016, Effat University has held partnerships with the New York University Tisch School of the Arts and has offered bachelor's degree programs in cinematic arts to Saudi women.</p>	 <p>In 2022, the Music Commission launched the first world-wide Virtual Music Academy available to domestic and international students, offering music training programs on disciplines, including visual broadcasting, Virtual and augmented reality.</p>	<p>There are several universities that play a significant role in shaping the field of journalism and media studies in KSA, offering a range of undergraduate and graduate programs:</p> <ul style="list-style-type: none">  King Saud University, recognized for its programs in Broadcast Journalism  King AbdulAziz University, known for its focus on Broadcast Journalism  Umm Al Qura University, offers Bachelor Programs in Journalism  King Faisal University, provides a Master in Media and Communication Sciences  King Khalid University, provides programs related to Journalism and Digital Media 	 <p>In 2022, the Saudi Esports Federation launched the Saudi Esports Academy, offering certified professional education and training programs focused on various esports-related disciplines. Recently, the academy celebrated its first batch of graduates from master's degree and diploma programs, preparing them for careers in gaming.</p>
 <p>Dar Al Hekma University offers programs in collaboration with the New York Film Academy.</p>	 <p>The Nahawand Academy of Arts has partnered with the Gnesins Russian Academy of Music to establish an international music academy in Saudi Arabia, the Nahawand Center, offering educational programs, training, and musical research initiatives.</p>		
 <p>Film AIUla with the Creative Media Skills Institute, launched a 10-day vocational film industry bootcamp to prepare local talents in various ATL/BTL roles.</p>			
 <p>The Film Commission launched the Kader Program, an initiative in collaboration with international production houses to integrate up to 50 trainees into on-going projects for practical training.</p>			

Talent development initiatives in Saudi Arabia help grow availability of local talent in media sector. Source: Organizations' websites, Arthur D. Little

Despite recent significant developments in media education, there is a gap between the supply of educational programs in Saudi Arabia and the demand driven by a young population increasingly interested in pursuing a career in the growing media sector. Academic institutions often face capacity constraints with the number of available seats in courses, impacting student enrollment. This limitation can be attributed to various factors such as faculty availability, classroom capacity, and resource constraints.

Partnerships and Memorandum of Understanding (MoU) have emerged as effective approaches for academic institutions in the Middle East to address capacity constraints, offering investment opportunities to foreign academic institutions and operators. These partnerships involve various operational aspects, including education delivery, back-office functions, and infrastructure & logistics.

Partnerships for education delivery in KSA are particularly attractive to foreign media education investors. Foreign media academic institutions can establish partnerships with leading Saudi higher education institutions for the co-development of academic programs and curriculums tailored to the Saudi cultural nuances. Foreign visiting professors can bring valuable expertise in fields like digital media, where skills in graphic design, video editing, and web development are becoming crucial competences in the media job market.

As media consumption shifts towards digital platforms, these initiatives will help meet the growing need for

professionals who can integrate technology into media production processes, with STEM-focused facilities providing training in areas such as virtual reality (VR), augmented reality (AR), and artificial intelligence (AI). Such PPPs also represent an opportunity to improve branding and positioning for both parties.

Foreign academic institutions also have the opportunity to establish campuses in KSA by partnering with leading Saudi higher education institutions under a common brand, establishing world-class media academies open to national and international talents interested in media education. This market entry approach not only facilitates establishing dual academic degrees and academic exchanges accredited both in Saudi Arabia and internationally but also creates new revenue streams for greater financial sustainability.

In 2016, the Saudi government established the National Centre for Privatization (NCP) to promote privatization initiatives, including in education, with the aim of reducing fiscal dependence on the public sector and enhancing learning outcomes. PPPs in media education fully align with NPC's aspiration to transfer operational responsibility of some public institutions to private institutions.



Investor opportunity

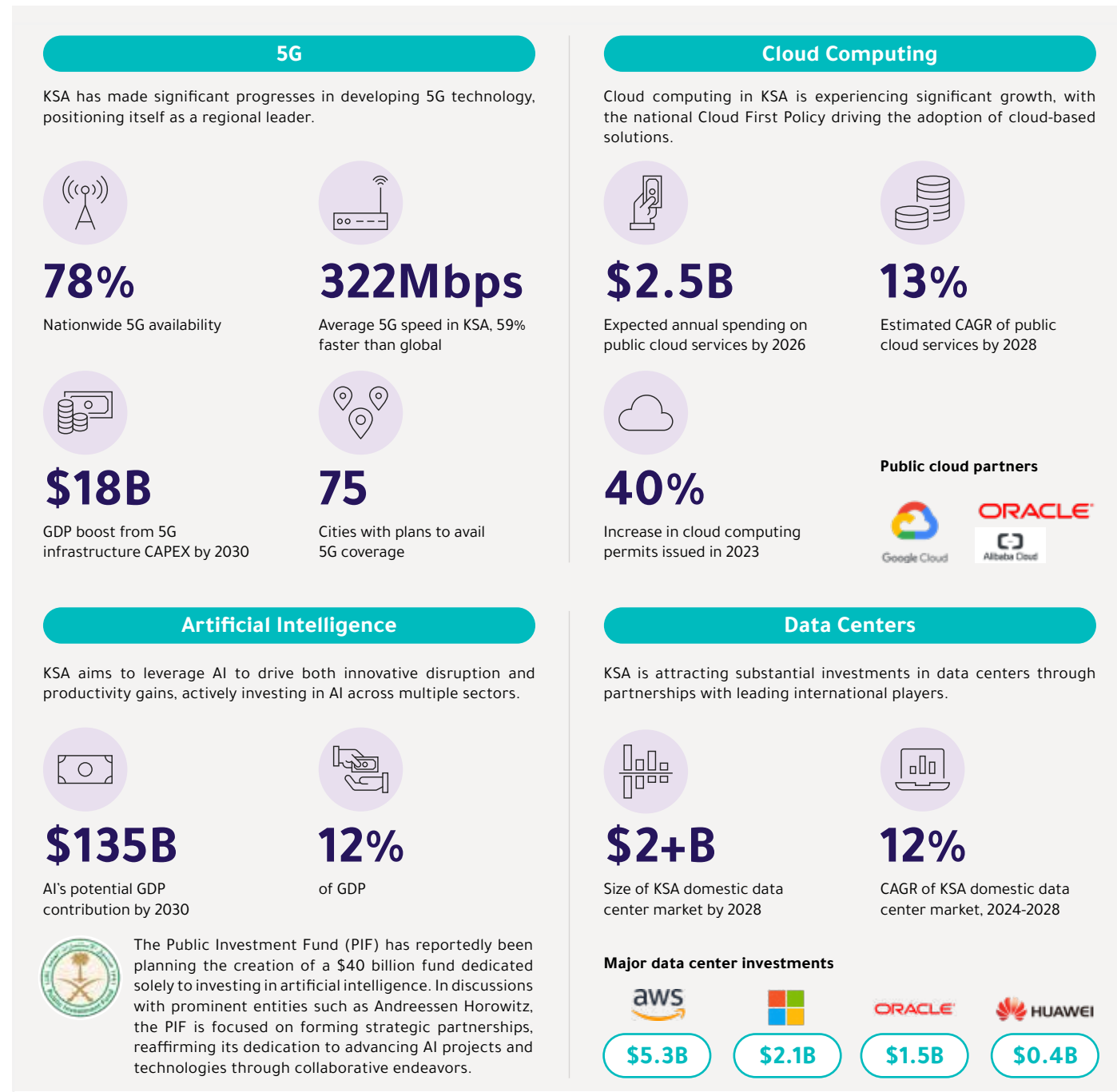
Foreign media academic institutions can establish partnerships with leading Saudi higher education institutions for the co-development of academic programs and curriculums tailored to the Saudi cultural nuances.

05: Technology Shift

Trailblazing innovation and becoming a testbed for cutting-edge media technology

Technological advancements have significantly impacted Saudi Arabia's media landscape, driving a transformative shift towards embracing next-generation technologies and services. Aspiring to become one of the world's most innovative media hubs, Saudi Arabia recognizes the critical role played by cutting-edge technology and partnerships in empowering the media sector. They facilitate seamless connectivity and efficient content delivery, fostering innovation and development within the sector.

Cloud computing in KSA is experiencing significant growth, with the national Cloud First Policy driving the adoption of cloud-based solutions. Saudi Arabia's widespread availability of 5G has allowed it to position itself as a digital media hub, enabling use cases, including high-speed audio-visual streaming, online event livestreaming, and low-latency gaming. For investors, there are ample opportunities for investments and partnerships to develop innovative use cases in 5G. For example, investors could bring in platforms for high-quality (e.g., 4K) live-streaming that are only possible with 5G's speed, or virtual reality (VR) content such as 360-degree, immersive, live viewing experiences of premier sports events such as Olympic Games or the FIFA World Cup, relying on 5G's low latency.



KSA is investing significantly in next-generation technology to grow its media sector.

Source: GSMA Intelligence, Ookla, IDC, Ministry of Commerce, Statista, Arab News, PIF, CIO, Research and Markets

Saudi Arabia has made a significant improvement in developing 5G technology, establishing itself as a regional leader in high-speed mobile media delivery. The country boasts a 5G availability of 78% across its population and average download speeds exceeding the global average by almost 60%, at 322 Mbps¹. Investments in 5G infrastructure are projected to boost the country's GDP from USD 4.7 billion (SAR 18 billion) in 2021 to over USD 18 billion (SAR 68 billion) by 2030². Plans are underway to expand 5G networks to over 75 cities, catering to consumer demand for enhanced connectivity experiences and driving digital transformation in the country.

Saudi Arabia's widespread availability of 5G has allowed it to position itself as a digital media hub, enabling use cases, including high-speed audio-visual streaming, online event livestreaming, and low-latency gaming. For investors, there are ample opportunities for investments and partnerships to develop innovative use cases in 5G. For example, investors could bring in platforms for high-quality (e.g., 4K) live-streaming that are only possible with 5G's speed, or virtual reality (VR) content such as 360-degree, immersive, live viewing experiences of premier sports events such as Olympic Games or the FIFA World Cup, relying on 5G's low latency.

While some view the deployment of Artificial Intelligence (AI) as a threat to the media sector due to its potential to replace human creativity in the development and production of media content, Saudi Arabia recognizes the opportunity to ethically balance innovative disruption and productivity enhancement. The country has actively invested in AI use cases across various sectors, including media and entertainment. Initiatives like the Artificial Intelligence Center for Media and the Future Camp of Generative Artificial Intelligence for Media highlight the country's commitment to AI development. Saudi sovereign wealth fund PIF, has planned the creation of a \$40 billion fund dedicated solely to investing in AI, in partnership with prominent technology venture capital fund Andreessen Horowitz, making Saudi Arabia the world's largest investor in AI⁴.

Investor opportunity

For investors, there are ample opportunities for investments and partnerships to develop innovative use cases in 5G. These include platforms for high-quality (e.g., 4K) live-streaming and virtual reality (VR) content

1. CIO.com - State of 5G in Saudi Arabia
2. Saudi Arabia telecom market
3. The Fintech Times - Artificial Intelligence Can Contribute \$135 Billion to This Country's GDP by 2030
4. The New York Times - Saudi Arabia Plans \$40 Billion Push Into Artificial Intelligence

USD 135.2 billion

Projections suggest that by 2030, AI could contribute over USD 135 billion to the Saudi economy, representing over 12% of the Kingdom's GDP³. Innovations in AI such as personalized media content push and gaming remain at the nascent stage but are growing rapidly. The development of localized AI in KSA or GCC, including language and voice AI data processing, remains slow. These could present key opportunities for investors to capitalize on the AI boost by developing innovative use cases tailored for the Saudi market.





Cloud computing and data centers are the backbone of next-generation media, providing processing capabilities for audiovisual streaming and gaming and edge processing. KSA's cloud computing sector is experiencing significant growth.

The Kingdom's Cloud First Policy¹ is driving the adoption of cloud-based solutions, leading to a 40% year-on-year increase in cloud computing permits issued in Q4 2023. In addition, KSA is attracting substantial investments in data centers to bolster its cloud storage, edge computing and media streaming capabilities. Saudi Arabia's data center capacity is projected to grow at a CAGR of 20% from 2024 to 2029, from 345MW to 855MW². The market size is expected to grow from USD 5 billion (SAR 19 billion) to USD 16 billion (SAR 60 billion) over the same duration. Global players have actively invested in KSA's cloud computing and data center market, including Google Cloud, Oracle, Alibaba Group, and Huawei.

Locally, the Public Investment Fund (PIF) is actively involved in co-investing in cloud technology ventures, including in China's Alibaba Group. These investments are expected to boost the domestic data center and public cloud market. In the content delivery network (CDN) providers space, there are opportunities for established companies to enter the market as the demand for seamless, uninterrupted content delivery grows with the proliferation

of content streaming. Local telcos Mobily, stc and Zain, as well as global players such as Cloudflare, Amazon Web Services (AWS) are in the CDN space to optimize quality of service (QoS) for end users in Saudi Arabia.

Apart from direct investment, there is vast opportunity for investors to leverage the growth of its media sector by bringing in the latest technology into the Kingdom. Global tech leaders and innovative firms can support the growth of the sector by leveraging KSA as a world-class testbed for cutting-edge media innovations, given its young population's high level of receptiveness towards latest tech especially on media consumption. In addition, KSA government support to develop media-tech is strong and sustained. It has partnered with major industry players and investors in developing and co-investing in next-generation technologies and services that are critical enablers for the media sector, ensuring that KSA plays a leadership role in technological innovations in the years to come.



Investor opportunity

KSA's media sector offers investors an opportunity to drive innovation, backed by government support and a tech-savvy market. KSA is a prime testbed for media-tech firms to scale next-gen technologies and lead industry advancements.

1. https://www.mcit.gov.sa/sites/default/files/cloud_policy_en.pdf
 2. Saudi Arabia Data Center Market Size & Share Analysis - Growth Trends & Forecasts Up To 2029

06: Regulatory Shift

Ensuring a business-friendly regulatory environment, consumer protection, and market competitiveness



Regulations serve as the cornerstone for promoting clarity, transparency, and ease-of-doing business for both domestic and foreign media entities and investors alike. To advance the vision of the media sector in KSA and strengthen its narrative of growth, pivotal regulatory initiatives have been set in motion. These ini-

tiatives are designed to provide industry participants with a holistic governance framework, comprehensive regulatory guidelines, and a robust compliance system rooted in public mandates, national legislation, and sector-specific regulations.

Source: General Authority of Media Regulation

Sector Governance

- Ministry of Media**
Governs and sets the vision and strategy for media and communications sectors aligning with national goals.
- Ministry of Culture**
Develops policies and regulates the culture sector, supported by its commissions on Film, Music, and Literature, Publishing & Translation.
- Ignite**
Supports the governance and orchestration of digital media activities (e.g., overseeing progress).
- Ministry of Investment**
Oversees ease-of-doing business conditions and access to investment incentives.
- Ministry of Commerce**
Facilitate the establishment and practice of enterprises in the media sector.
- Monsha'at**
Provide support and possible incentives to small and medium enterprises in the media sector.
- Public Investment Fund**
Invests in strategically and commercially attractive opportunities in the media sector (among others).
- Ministry of Human Resources and Social Development**
Oversees the media jobs classification and skills/competences development.
- Ministries of Sport, Tourism and General Entertainment Authority**
Enable the adjacent sectors supported by media content.
- Local development authorities**
Drive the development of regional vision and strategic objectives for their media sector.

Regulatory Framework

- Legal framework of KSA**
KSA Law as foundational system of laws and regulations generally applicable in the Kingdom.
- Gmedia**
Regulates, licenses and ensures compliance of the media content across the 5 media segments as per media content regulations.
- Ministry of Human Resources and Social Development**
KSA Labor Law as foundational systems of regulations governing employment in the Kingdom.
- Ministry of Investment**
Regulates the process and requirements for foreign investors.
- Ministry of Media**
Aligns on the media sector policy, goals, and direction.
- Communications, Space & Technology Commission**
Regulate and license technological aspects of media sector incl. broadcasting spectrum, digital platforms, etc.
- Film Commission¹**
Regulates and supports the film sector, taking sector enabling initiatives.
- Music Commission¹**
Regulates and oversees the development of the music sector, thus empowering the musical talent and industry stakeholders.
- Literature Publishing and Translation Commission¹**
Regulates and supports the literature, publishing and translation sectors in KSA.
- Saudi Authority for Intellectual Property**
Develops and enforces regulations and laws that govern the media IP.

A list of media related entities in Saudi Arabia and their mandate.

1. The regulatory and licensing responsibilities for different media segments are being reallocated between Gmedia and the respective MoC commissions

Gmedia is poised to play a critical role within the media regulatory landscape to establish KSA as the regional Media hub. Through strategic revision of the media law, Gmedia aims to enhance local content production, bolster child online safety measures, and promote educational programs. This proactive approach seeks to cultivate transparency, attract investment, and safeguard consumer interests across all media segments. Furthermore, Gmedia is committed to ensuring equal opportunities in the media industry, fostering diverse representation and accessibility across media platforms. By promoting accountability and transparency, Gmedia aims to create a conducive environment for both local and international media professionals.

To stimulate foreign investment and foster localization, Gmedia is developing regulations for media special economic zones and enhancing press freedom. These initiatives aim to create favorable conditions for global investment in Saudi Arabia's media sector. Additionally, Gmedia is facilitating the growth of the media workforce through training academies and institutions, preparing the next generation of professionals for diverse careers in the field.

In tandem with this effort, Saudi Arabia has launched the National Intellectual Property Strategy to establish a comprehensive, well-balanced IP value chain that promotes innovation competitiveness and economic growth. The Saudi Authority of Intellectual Property has undergone a strategic overhaul to align with this strategy, prioritizing service excellence and fostering a dynamic IP ecosystem crucial for driving innovation and economic growth in the media sector.

To stimulate foreign investment and foster localization, Gmedia is developing regulations for media special economic zones and enhancing press freedom.

Gmedia Strategy

Vision: To provide clear and fair regulatory environment that enables a vibrant media sector, while promoting KSA's identity

Mission: To create an investor friendly regulatory environment that fosters a competitive media ecosystem, which is transparent and accountable and that enhances the country's soft power

Strategic Pillars			
Support KSA in becoming the regional media hub and provider of talent and infrastructure for the media segment, attracting major regional media houses	Update Media Law, develop investor-friendly regulatory framework with liberalized licensing regime, delivered through a one-stop-shop	Build and adopt best-in-class monitoring mechanisms and tools to safeguard consumers	Become an efficient and effective organization which can attract and retain talent

August 20, 1981

November 29, 2000

March 4, 2012

September 3, 2012

December 13, 2017

April 26, 2018

June 30, 2018

July 22, 2018

November 24, 2018

2025

KSA's Media Policy
Issued by Council of Ministers (Resolution #169 dated 20/10/1402)

Law of Printed Materials & Publication
Issued by Royal Court (Resolution M/32 dated 03/09/1421)

Law of Printed Materials & Publication update
Issued by Royal Court (Resolution M/20 dated 11/04/1433)

Gmedia's Mandate
Issued by Council of Ministers (Resolution #332 dated 16/10/1433)

Audiovisual Media Regulation
Issued by Royal Court (Resolution M/33 dated 25/03/1439)

Executive Regulations of E-Publishing
Issued by Ministry of Culture and Information (Resolution #72589 dated 10/08/1439)

Gmedia's Mandate update
Issued by Council of Ministers (Resolution 265 dated 27/05/1439)

Executive Regulations of Law of Printed Materials & Publication
Issued by Ministry of Culture and Information (Resolution #91513 dated 09/11/1439)

Executive Regulations of Gmedia
Issued by Gmedia

Ongoing revamp of KSA Media Law

The media law in Saudi Arabia is undergoing a revamp, driving forward crucial updates to foster the evolving media landscape. Source: Gmedia

National IP Strategy

Vision: Robust IP ecosystem fostering innovation-driven economy


Mission: To establish a comprehensive well-balanced IP value chain that promote innovation competitiveness and economic growth

	Objectives	Overall economic impact
Develop creative individuals based on imagination and challenge	Foster enterprises based on IP	Achieve society based on respect for creation effort
Growth of technology-based industries and the expansion of the intellectual property services industry	Create new professional jobs with IP expertise	Contribute to improve profit-making capabilities of companies

Finally, to attract foreign investments and promote the localization of businesses in Saudi Arabia, the Royal Commission for Riyadh City and the Ministry of Investment have announced incentivization measures. By relocating their regional headquarters to Saudi Arabia, corporations - including those operating in the media sector - benefit from a 30-year exemption from corporate income tax, streamlined application processes, and flexibility in Saudization requirements.

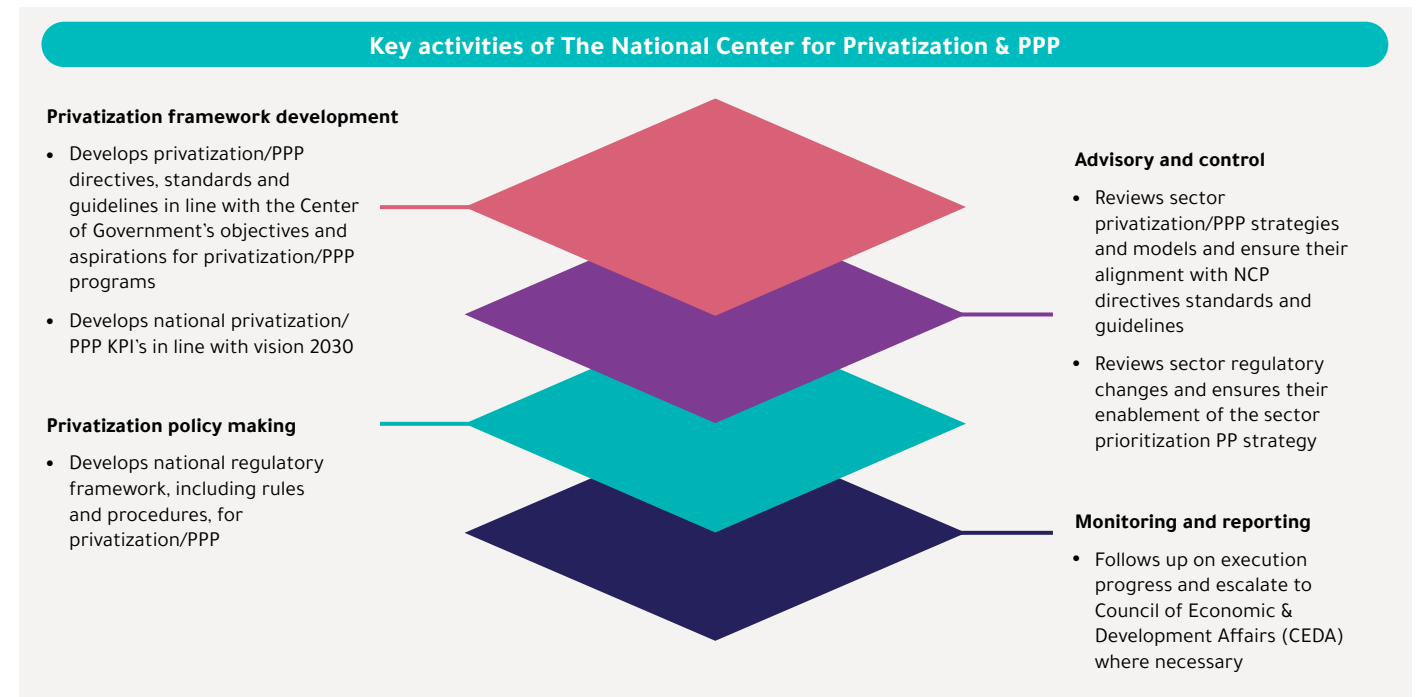
Beyond the media-specific regulatory framework, the National Center for Privatization & PPP, established in 2017, plays a crucial role in facilitating foreign investments in Saudi Arabia's media sector. Through the development of privatization frameworks, identification

of sectors for privatization or private sector participation, and creation of efficient processes to engage private entities, the NCP facilitates opportunities for international investors across various sectors. Its role is particularly significant in creating a conducive environment for Public-Private Partnerships in the media sector, especially in operating investments in media education and talent development.



Investor opportunity

KSA offers investors an opportunity to benefit from 30-year tax exemptions, streamlined processes, and Saudization flexibility by relocating regional HQs, promoting foreign investment and business localization



The National Center for Privatization & PPP facilitates the growth of privatized sectors and foreign investments in KSA.
Source: National Center for Privatization & PPP

Saudi Arabia is working to create a thriving media sector, offering opportunities for investors thanks to regulatory changes. New media law is being developed to provide clear guidelines and stability, making it easier for investors to make informed decisions.

Initiatives by Gmedia to improve transparency and consumer protection, along with SAIP's focus on intellectual property rights, are designed to create fair conditions for all parties involved. These efforts demonstrate Saudi Arabia's dedication to supporting businesses driven by innovation, opening up attractive investment possibilities in the creative sector.



Video Segment

Saudi Arabia's video segment features a mix of local and international players, such as Netflix, MBC Group (Shahid), etc. There is a noticeable trend of creating local content tailored for the local audience, evident in platforms like Netflix, Starzplay, and Shahid. Telfaz11, a Riyadh-based studio, has gained prominence with its locally produced content, most notably with the success of its film "Sattar", which even surpassed the viewership of "Avatar: The Way of Water" in Saudi Arabia.

Key national objectives of the video segment:

1. Foster the creation of a comprehensive video production ecosystem through infrastructure development
2. Establish inclusive educational programs and initiatives that empower individuals of all backgrounds and attract diverse talent from local and international communities
3. Implement robust financial incentives and funding mechanisms to stimulate the growth and development of the video segment
4. Develop a robust ecosystem for the exhibition and distribution of video content across various platforms and strengthen partnerships with exhibition networks

The video segment in KSA is driven by a mix of local and international players, each playing a pivotal role at different stages of the value chain. Prominent leaders such as Netflix and the locally renowned Shahid, a subsidiary of MBC Group, have a notable impact on shaping industry dynamics across production, distribution, and content consumption.

In content development, a notable trend has emerged wherein regional and international streaming platforms such as Netflix, Starzplay, and Shahid are involved in the creation of original content tailored to meet the preferences of the local audience, alongside showcasing international catalogs. This shift underscores a strategic move towards catering to the specific demand that characterizes Saudi Arabia.

Within the production sphere, Riyadh-based content studio Telfaz11 emerged as a significant player, particularly due to its emphasis on local content production. Notably, Telfaz11 achieved a significant milestone at the beginning of 2023 with the release of its first feature film, 'Sattar' - an action-comedy that swiftly garnered immense success, out-performing films like 'Joker' and 'Avatar: The Way of Water' in Saudi Arabia by becoming one of the top five highest-grossing movies in KSA ever. Since its release on December 29, 2022, "Sattar" has sold 723,000 tickets for a box office gross of \$9.2 million, securing the fifth slot in Saudi Arabia's historic box office charts¹. This success is remarkable considering it comes just five years after the lifting of Saudi.



1. The Saudi Producers Who Are Transforming Their Country's Film Industry
2. Red Sea International Film Festival announces dates for 4th edition

Arabia's 35-year cinema ban, showcasing the country's growing local filmmaking scene.

In distribution, particularly in OTT platforms, KSA boasts a vibrant mix of players. Alongside local and regional platforms such as Shahid and Starzplay, international giants such as Netflix and Prime Video have a strong presence, underscoring the competitiveness of the market. As the popularity of cinema continues to soar in the region, an increasing number of both regional and international players are venturing into the market, fostering further growth opportunities in the space.

Lastly, KSA hosted its fourth edition of the Red Sea International Film Festival in December 2024, a significant event aimed at fostering the development and support of the film industry within Saudi Arabia. In 2023, the film festival welcomed several A-list attendees and showcased 125 films from 75 countries².



KSA's video segment has participation from both domestic & global players across the value chain. Source: Arthur D. Little

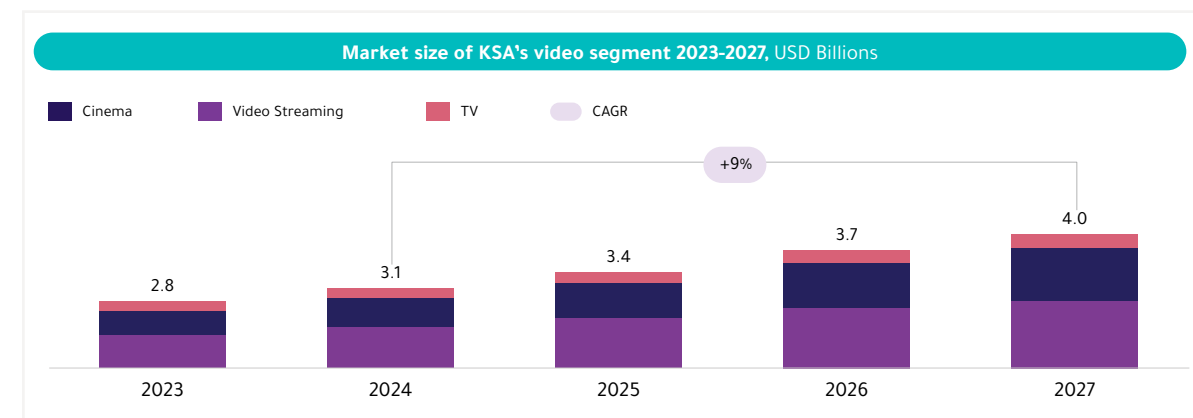
Market Size

By 2027, the video segment is expected to grow at a CAGR of 9%, reaching a total sector value of ~USD 4 billion (SAR 15 billion). This growth is primarily attributed to the thriving film sector, which compensates for the stagnation experienced in linear TV. Despite the challenges posed by various factors, including the COVID-19 pandemic, the video segment in KSA has demonstrated resilience and is projected to continue its upward trajectory.

However, in 2020, the overall video segment experienced a decline due to the impact of the COVID-19 pandemic. Nevertheless, the segment rebounded and surpassed its pre-pandemic market size. Looking ahead to 2027, the video segment is expected to maintain its growth momentum, driven by several factors. The rapid expansion of the cinema sector, poised to grow

at a CAGR of approximately 19%, is anticipated to contribute significantly. Additionally, video streaming platforms are forecasted to experience a growth rate of around 10%. The increasing demand for OTT platforms in KSA, facilitated by services such as Shahid, Netflix, Starzplay, and Amazon Prime Video, among others, can be attributed to various factors. These include the availability of local Arabic content and the rising popularity of diverse film genres, including short films and documentaries.

While OTT flourishes, the market size for TV subscriptions may experience a decline. By 2027, the TV subscription market is expected to grow only by 6% year-on-year, primarily due to the increasing availability of on-demand content provided by competing platforms such as Shahid, Netflix, and Starzplay, among others.



KSA video segment in poised for rapid growth (CAGR 9%) driven primarily by video streaming and cinema. Source: Arthur D. Little

Key Players

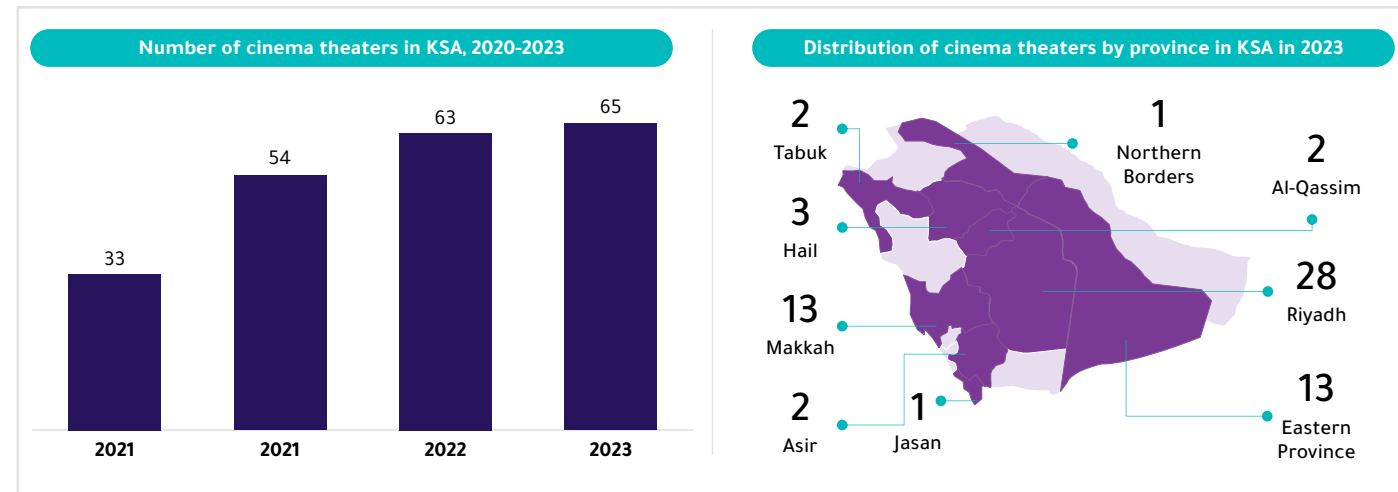
Between 2020 and 2022, there has been consistent growth in the number of cinemas, with the number of cinema theaters almost doubling from 33 in 2020 to 65 in 2023. Several factors contribute to the growth of cinemas during this period, including an increase in demand for entertainment, urbanization trends, expansion of cinema chains, investments in infrastructure, among others.

The disparity in cinema growth across provinces, with no new theaters established in regions lacking existing cinemas such as Al-Baha, Madinah, Al-Jouf, and Najran, underscores the pronounced influence of urbanization

and demand concentration, particularly in major urban centers like Riyadh. This highlights a compelling opportunity for investors to expand cinema theaters into tier 2 and tier 3 cities, where untapped markets and growing populations present fertile ground for sustainable growth and lucrative returns on investment.



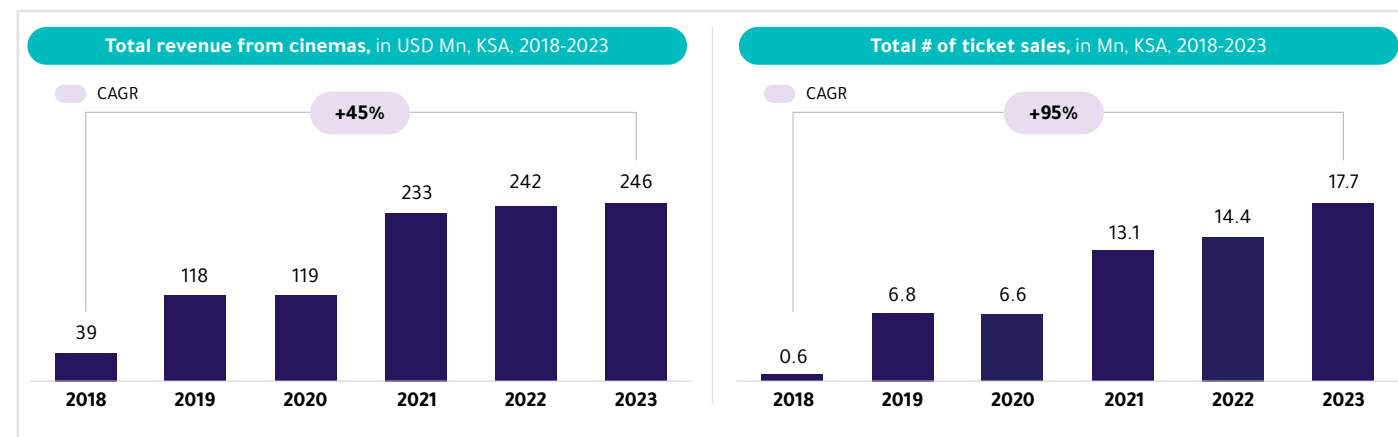
Opportunity for investors to expand cinema theaters into tier 2 and tier 3 cities, where untapped markets and growing populations present fertile ground for sustainable growth and lucrative returns on investment.



Cinema theaters are growing in KSA, reflecting a strong demand. Source: Gmedia, Film Commission

The cinema sector in Saudi Arabia has experienced significant growth in recent years, with revenues skyrocketing from USD 10 million (SAR 39 million) in 2018 to USD 246 million (SAR 922 million) in 2023. This expansion is further evidenced by a substantial increase in ticket sales, rising from 0.6 million to 17.7 million over the same period. As of 2023, the current list of licensed

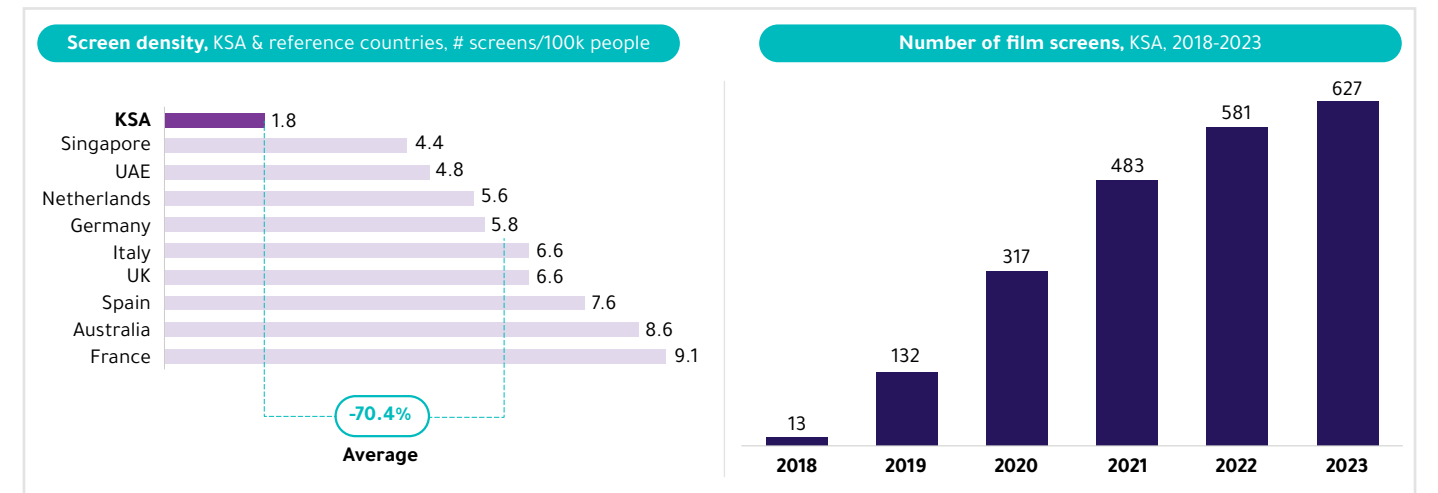
cinema operators includes Muvi Cinemas, AMC Cinemas, EMPIRE, VOX Cinemas, Reel Cinemas, with new players also poised to enter the market, such as Cinema City, Nu Metro, iPic Theatres, among others. This parallel rise underscores the sector's vitality and its capacity to thrive, offering attractive prospects for both investors and industry participants alike.



Cinema ticket sales in KSA are on the rise. Source: Gmedia, Film Commission

Among the analyzed countries, France emerges with the highest screen density at 9.1 screens per 100,000 people, followed closely by Australia at 8.6. These figures indicate a robust cinema presence and accessibility within these nations, potentially reflective of strong cultural inclinations towards cinema attendance and well-established entertainment industries. In contrast, KSA exhibits a much lower screen density at 1.8 screens per 100,000 people¹, showcasing potential for the expansion of cinema infrastructure to meet the increasing demand for entertainment experiences.

OTT platforms in Saudi Arabia, which include renowned international players like Netflix, Amazon Prime, and Starzplay, alongside regional platforms such as Shahid, are effectively meeting the increasing demand for diverse content. Currently, within the TV channel viewership share, MBC Group owns 8 of the top 10 channels, accounting for 33% of the total viewing. This dominance is attributed to the diverse Arabic content offered by MBC Group. Reality TV show such as Arabs Got Talent and Comedy series such as Al-Hosn aired on MBC are popular amongst the audience.



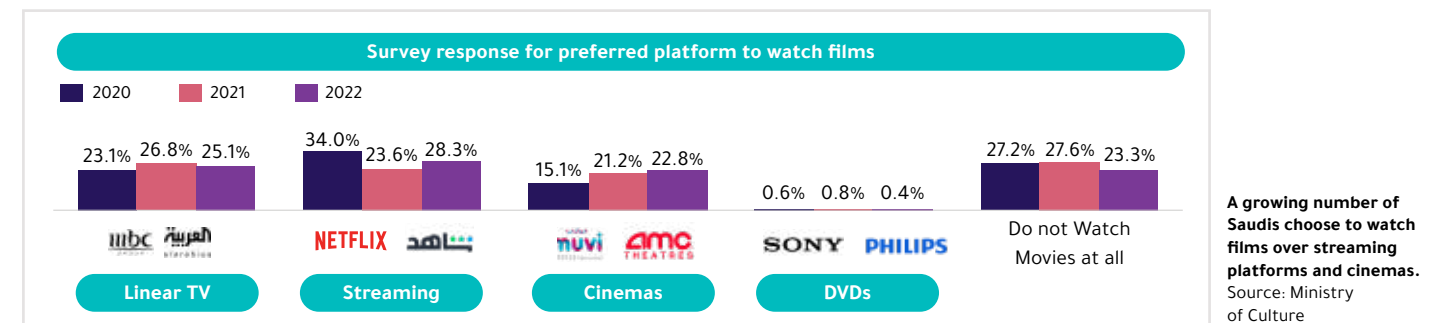
A lower-than-average number of film screens per capita reflects potential for growth. Source: Film Commission

Consumer Behavior

The shift in methods of film consumption highlights the changing preferences in entertainment within Saudi Arabia, offering stakeholders opportunities to adapt strategies accordingly and cater to the needs of an increasingly diverse and digitally-driven audience.

watching movies via television channels, while virtual streaming platforms like Shahid and Netflix witness an upward trajectory. Cinemas have shown a consistent rise in popularity¹ during this period. These trends signify a growing preference for digital platforms and cinematic experiences among Saudi audiences, driven by technological advancements, content accessibility, and evolving entertainment preferences.

Analysis of consumer behavior in Saudi Arabia between 2020 and 2022 reveals shifting trends. Notably, there is a steady decrease in the proportion of individuals



A growing number of Saudis choose to watch films over streaming platforms and cinemas. Source: Ministry of Culture

1. Ministry of Culture

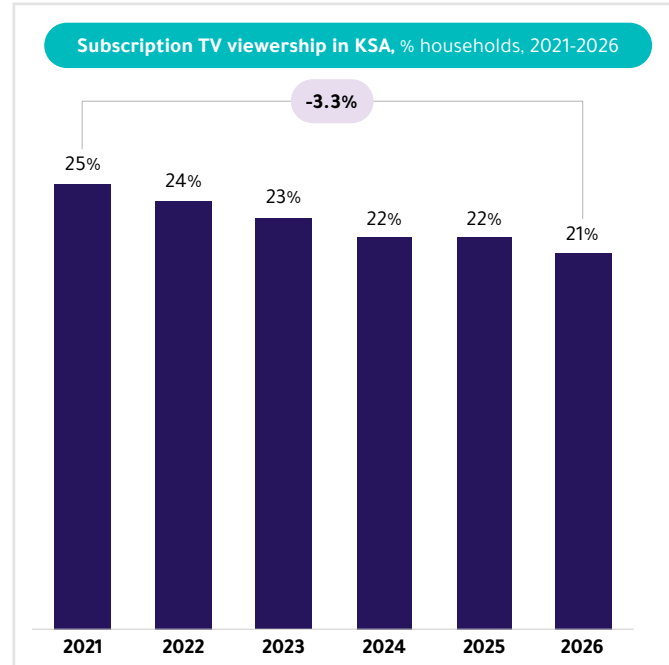
KSA boasts the highest average time spent watching TV regionally at 5.1 hours per day¹, followed by the UAE (4.2 hours per day) and Kuwait (3.1 hours per day). This high viewership in KSA presents numerous opportunities for advertisers to reach their target audience through television.

During the Ramadan period, there is a 17% increase in Average Daily Reach and a 6% increase in Daily Time Spent Viewing by viewers in KSA compared to other months. This surge is largely driven by the availability of special programs, particularly a wide variety of Arabic and religious content.

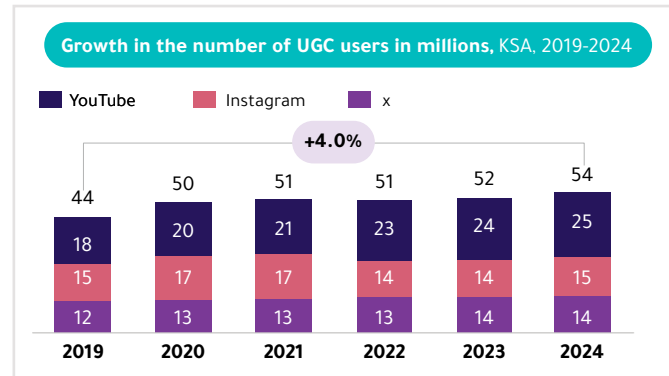
However, Subscription TV penetration in Saudi Arabia is expected to gradually decline by approximately 3% year-on-year² due to shifting media consumption habits, primarily influenced by the flexibility offered by alternatives such as OTT platforms.

The total number of UGC users on key platforms such as YouTube, Instagram, and Twitter has increased from 44 million in 2019 to 52 million in 2023, representing a compound annual growth rate (CAGR) of 4.3% over these four years³. The growth in the total number of UGC users is primarily driven by the increase in the number of YouTube users.

YouTube's popularity is such that the number of hours of video uploaded to the platform every year also serves as a strong proxy for the number of UGC users, as it is the main choice for users to post their user-generated content.



TV subscribers have declined in KSA and the trend is expected to continue in the coming years. Source: Statista



User-generated content (UGC) from Saudi users are on the rise. Source: Statista



Source: Ministry of Culture

1. Ipsos
2. Film Commission proprietary data
3. Statista

Key Players

Regulatory Framework

Opportunities abound within Saudi Arabia's video segment, offering investors a solid foundation for growth and innovation supported by a comprehensive regulatory framework. Designed to foster accountability, ensure fair competition, and safeguard consumer interests, this regulatory environment serves as a catalyst for investment confidence and market stability. Prospective investors will encounter a streamlined process for entry into the Kingdom's video market, with clear guidelines outlining the necessary licenses, clearances, registrations, or no objection certificates required for operation. This framework not only provides a roadmap for compliance but also underscores the government's commitment to nurturing a thriving and dynamic video industry. Additionally, the Film Saudi incentive program offers support to obtain licenses and approvals. A comprehensive list of licenses and registrations related to the video segment can be found in the Appendix.

Infrastructure

The groundwork for advancing infrastructure in the video segment has been laid by proactive initiatives led by various public sector stakeholders. These concerted efforts underscore a commitment to establishing a robust foundation for the growing video industry. Significant strides have already been made to ensure the readiness and resilience of the infrastructure, paving the way for seamless integration and sustainable growth in this dynamic sector.

NEOM

NEOM can be considered a beacon of innovation and progress, poised as it is to become the premier production hub for creative industries in the region.

With state-of-the-art, purpose-built facilities, NEOM has facilitated over 35 local and international productions across various forms of television and television commercials (TVCs) including popular TV shows such as the Top Chef Middle East and Million Dollar Land aired on MBC. This thriving ecosystem provides investors with unparalleled opportunities to capitalize on a growing market, leveraging cutting-edge infrastructure to realize their creative visions.

Filming at AIUia

- 5** feature films wrapped till 2023
- 235+** TV series, docufilms, and commercial promos till 2023
- 355** permits issued till 2023

Filming at NEOM

- 35+** major productions
- 2** world-class production hubs
- Lucrative production incentives program

The film industry has leveraged AIUia and NEOM as production settings for several local and international productions. Source: Organizations' websites

NEOM: Media Village

The Media Village¹ provides state-of-the-art infrastructure tailored to meet the diverse needs of production houses and investors. At its core, the Media Village features four industry-standard sound stages ranging from 750 sqm to 2,400 sqm, along with comprehensive back-of-house facilities. From production offices to green rooms, construction areas, and art departments, every aspect is meticulously designed to facilitate seamless production processes. With a capacity to accommodate roughly 150 people, the Media Village prioritizes

the comfort and well-being of cast and crew, offering a range of amenities to enhance their experience.

For production houses and investors seeking a world-class filming environment, NEOM's Media Village offers an unparalleled opportunity to bring their creative visions to life. With cutting-edge infrastructure and unparalleled support services, the Media Village provides an ideal backdrop for realizing ambitious projects in the video segment.



Media Village at NEOM. Source: NEOM

Bajdah Studios

Established in 2022, Bajdah Studios is a cutting-edge facility featuring two expansive 3,000 sqm stages, equipped with state-of-the-art technology to capture the region's stunning landscapes and facilitate seamless production projects. Additionally, NEOM has planned to open additional two soundstages to increase its offered production capacity and meet the growing demand for shooting in Saudi Arabia.

Offering a comprehensive array of amenities, including production offices, warehouses, prop shops, ward-

robe, and special effects facilities, Bajdah Studios¹ provides a turnkey solution for production houses seeking a world-class filming environment.

Its versatile backlot spaces offer ample room for complex builds and customizable sets, ensuring unmatched creative flexibility for producers. With a capacity to accommodate up to 200 people in a resort-style setting, Bajdah Studios epitomizes luxury and convenience, making it the ideal destination for filmmakers and investors alike.

1. Filming at NEOM: Regional Creative Industries Production Hub

To enhance its offerings, NEOM signed an MoU with SRMG to collaborate on various initiatives aimed at enriching the regional media ecosystem. Key outcomes of this include increased content production, development of media technology, integration, and media training programs.

NEOM and TELFAZ11 announced a pivotal partnership aimed at creating up to 9 TV and film productions. This collaboration has accelerated the growth of NEOM's media industries ecosystem, ensuring a rich pipeline of productions. In addition to these productions, TELFAZ11 also plans to establish a physical presence at NEOM by opening offices this year in NEOM's media hub.

AIUla

Film AIUla

The studio complex at AIUla¹ offers a comprehensive range of services and facilities tailored to meet the diverse needs of filmmakers and investors. Boasting two 2,415 sqm soundstages and a 5,713 sqm backlot for temporary sets and production support buildings, this full-service facility provides an unparalleled platform for cinematic creativity. With a seasoned international studio management team at the helm and a dedicated location crew possessing extensive knowledge of AIUla's unique landscapes, filmmakers benefit from exceptional expertise and support throughout the production process.

Since 2020, Film AIUla has issued over 350 filming permits and hosted over 700 production days, covering a wide array of genres. Notably, *Norah* was the first Saudi film shot in AIUla, featuring an all-Saudi cast and over 40% Saudi crew. In 2023 alone, 123 projects were shot in AIUla, ranging from feature-length films and script-



Bajdah Studios at NEOM. Source: NEOM

ed and reality series to commercials, documentaries, and music videos. As of December 2023, AIUla has also hosted 71 TV productions, including the cryptocurrency thriller *Paper Empire* and Netflix reality shows *Soy Georgina* and *Dubai Bling*, as well as 67 documentaries, including the British series *Expedition with Steve Backshall* and Nat Geo documentaries. Ads for international companies such as Bentley and Porsche were also shot here.

Film AIUla plans to further enhance the studio complex by adding more workshops, warehouses, a recording studio, training and rehearsal spaces, a cafeteria, event space, and an iconic administration building. These enhancements aim to establish a full-service, world-class production facility.

Production houses and investors are invited to leverage the unparalleled resources and amenities offered by the studio complex at AIUla, ushering in a new era of cinematic innovation and storytelling on a global scale.



Illustration of film and TV studio complex at AIUla. Source: Film AIUla

1. Alula's investment into the local ecosystem is set to transform the Region into a new powerhouse of Creative Production

Funding and Financing

Funding and financing mechanisms within the video sector in Saudi Arabia offer a comprehensive array of opportunities for stakeholders across the value chain, aimed at supporting talent initiatives, infrastructure set-up, and access to financial resources. Public stakeholders have spearheaded initiatives to support critical steps of the video segment value chain, ensuring access to capital and incentivizing investment. These mechanisms encompass both non-recoupable and recoupable funding options, providing flexibility and tailored support to a diverse range of projects and entities.

Non-recoupable funding avenues include government offsets, grants, rebates, and warranty guarantees, each designed to address specific needs within the industry. For instance, the Saudi Broadcasting Authority supports public TV broadcasters through government offsets, enabling them to cover operational costs and maintain independence. Grant programs, such as the Daw' program, offer financial support to professional filmmakers, fostering the creation of local content and stimulating growth in the sector.

The \$100M¹ Saudi Film Fund, launched by MEFIC Capital and KSA's Culture Development Fund, exemplifies a collaborative effort to spur investment in infrastructure projects and content production, leveraging partnerships to drive innovation and development. Rebates provided by entities such as the NEOM Film Commission and Film AIUa incentivize production spend, further fueling the growth of the industry. Warranty guar-

antees are offered by the Cultural Development Fund to safeguard lenders from financial exposure.

Recoupable funding mechanisms, including SME financing such as Kafalah, production, and infrastructure financing, as well as co-investment vehicles, offer avenues for sustainable growth and expansion within the video segment. The Cultural Development Fund (CDF) plays a pivotal role in spearheading these initiatives, offering favorable financing terms to medium-small enterprises and facilitating direct investments in production projects. By partnering with entities like MEFIC Capital and ROAA Media Ventures, the CDF has enabled the ecosystem by channeling capital into promising ventures and fostering a conducive environment for investment and innovation.

Several stakeholders have already benefited from these funding and financing mechanisms, leveraging the support to advance their projects and initiatives. As the industry evolves to evolve, it offers investors an opportunity to develop more sophisticated recoupable financing options, both debt and equity, for enabling further growth of the sector.



Investor opportunity

As the industry continues to evolve, it offers investors an opportunity to develop more sophisticated recoupable financing options, both debt and equity, for enabling further growth of the sector.



Technology

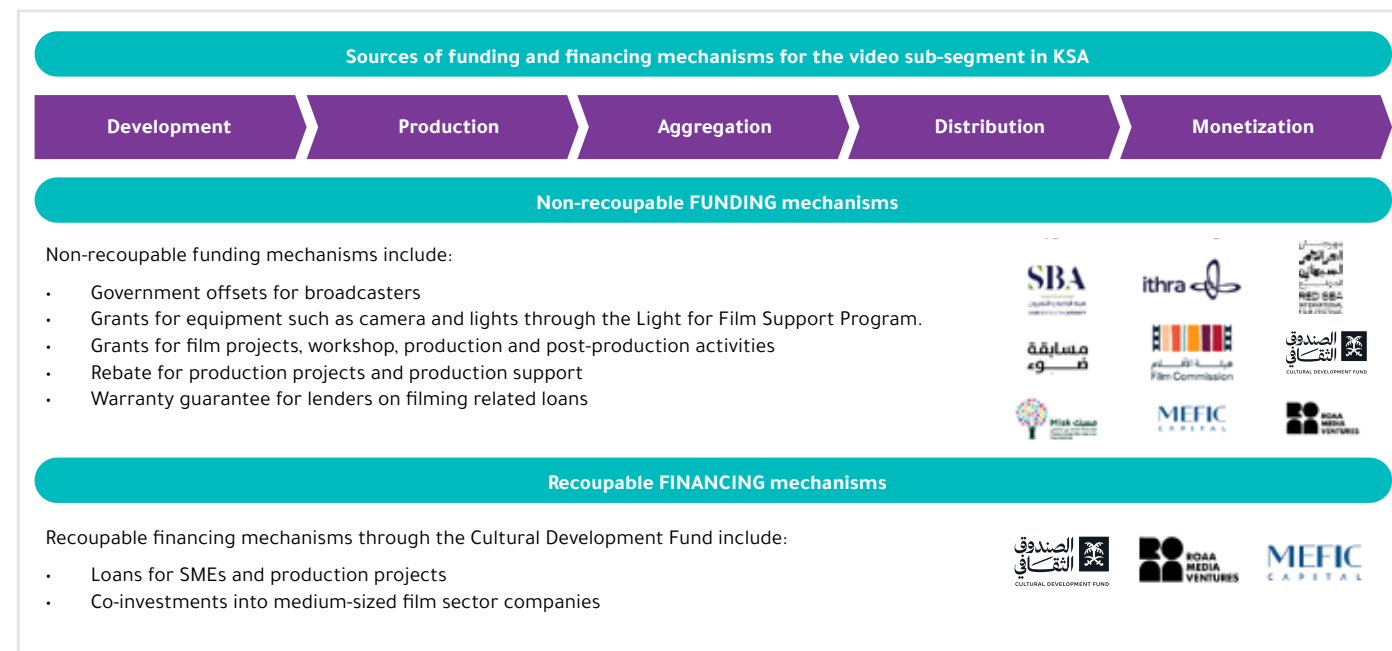
A surge of investment in next-generation technologies is reshaping the landscape, promising enhanced user experiences and unlocking new opportunities for innovation. Saudi Arabia's high internet penetration has catalyzed video consumption, driving demand for improved streaming quality and faster connectivity. Partnerships between platforms like Shahid and telecom companies¹ have leveraged 5G technology, resulting in significant subscription increases and smoother user experiences. The deployment of 5G networks not only enables better simultaneous connections but also paves the way for transformative applications in virtual and augmented reality, as evidenced by stc's plans for NEOM².

Concurrently, Artificial Intelligence (AI) is revolutionizing content moderation, search and discovery, and content personalization, bolstering the safety and appeal of video platforms. Generative AI platforms such

as Sora from OpenAI can create videos from simple written prompts. OTT players are utilizing AI to swiftly remove offensive content, while platforms like OSN+ are integrating AI-driven systems for improved content discovery³. AI-driven algorithms are also enhancing user engagement by delivering personalized content recommendations, as exemplified by MBC's adoption of AI and ML technologies⁴.

As technology adoption continues to soar in Saudi Arabia, consumers are increasingly seeking exceptional experiences, presenting a prime opportunity for market players to leverage technology to deliver differentiated and compelling offerings. By harnessing the power of next-generation technologies, industry stakeholders should aim to cater to evolving consumer preferences, drive engagement, and establish themselves as leaders in the dynamic video segment landscape.

1. Shahid almost doubles telecom partnerships in a year
2. Neom launches infrastructure work for the world's leading cognitive cities in an agreement with stc
3. Google Cloud, OSN+ ink AI deal to transform streaming experiences in MENA
4. AI and machine learning critical to MBC's Shahid service



KSA's video segment is supported by both, recoupable and non-recoupable sources of funding. Source: Arthur D. Little

1. Saudi Arabia launches \$100m film fund to boost local cinema

Talent Development

An array of talent development initiatives has been set in motion, signaling a concerted effort to nurture and cultivate local talent. These initiatives span diverse programs and partnerships, aimed at equipping aspiring filmmakers with the necessary skills and knowledge to thrive in the industry. From specialized training programs like the 'Below The Line KSA' initiative¹, which focuses on enhancing art department and production roles, to educational endeavors such as the Screenwriting program has helped train 20 talented screenwriters and develop over 190 draft scripts. Beyond this, the partnerships between universities and renowned film academies reinforce a commitment to fostering a culture of creativity and excellence within the Saudi film industry.

The booming video segment provides ample opportunities for investors to support talent development needs. One avenue for investor involvement lies in partnerships between KSA institutions and global counterparts for program delivery. By leveraging the expertise and resources of global institutions, such partnerships can enhance the quality and reach of talent development programs.

Global academic institutions can explore opportunities to establish new institutions through partnerships with leading KSA institutions under a common brand. There are opportunities in the co-development of media programs tailored to the specific needs of the Saudi film industry, enabling cultural exchanges. These institutions can address talent requirements in fields such as cinematography, screenwriting, directing, and post-production.

Ministry of Culture and Ministry of Education have launched scholarships on 'Digital Content' specialization and Digital Advertising & Digital Marketing respectively to support digital content field. By aligning talent development efforts with KSA's growth demands, stakeholders can ensure a steady supply of skilled professionals capable of meeting the evolving needs of the video segment.



Global institutions can access opportunities in KSA by partnering with local institutions to setup new local institutions and co-develop program catering to local needs.

Video sub-segment talent development initiatives (non-exhaustive)



Below The Line KSA program

Netflix has partnered with KSA based Studio Production Training to launch a development program, "Below The Line KSA", to provide training. The program will upskill 15 people in KSA via on-set trainings & workshops focused on art department & production roles.



Screenwriting program

12-week intensive program in screenwriting and development. The program attracted 1,800+ applicants, resulting in the development of more than 190 draft scripts and the training of 20 talented screenwriters.



Cultural Scholarship Program

Introduced by Ministry of Culture, International universities were selected to offer scholarships with international standards, ensuring quality of outputs while considering diversity in filmmaking disciplines. 108 students were selected, with 88 awarded Bachelor's degrees and the remainder awarded Master's degrees across 10 universities and in 10 different majors.



Partnership between KSA Ministry of Media and IGNITE Program

Ministry of Media launched the Vocational Training Initiative, a part of the IGNITE program, in cooperation with the Ministry of Communications and Information Technology; It aims to provide on-the-job training opportunities and develop professional skills of fresh graduates in cooperation with private sector companies



Red Sea Lodge

Initiative under the Red Sea International Film Foundation offering professional training programs to Saudi and Arab directors, producers and scriptwriters. The Red Sea Lodge has partnered with TorinoFilmLab on projects for creative & professional mentorship across 10 months and 5 workshops.



MoU between MBC and Saudi Film Commission

A key element of the MoU signed between MBC group and Saudi Film Commission is training and nurturing Saudi talent. The focus would be on offering training and employment opportunities for local talents within MBC Group's film and series projects.



MoC Film Commission's Filmmakers Program²

Introduced by Film Commission, it provides 20 training workshops and 6 master classes to beginners and mature professionals aspiring to work in the film industry. The aim is to drive local films, improve Saudi presence, and raise the quality of artistic content.



Partnership of Effat University and Dar Al Hakema University with NYU Tisch and NYFA respectively

Since 2016, Effat University has held partnerships with the New York University Tisch School of the Arts and has offered bachelor's degree programs in cinematic arts to Saudi women. Moreover, Dar Al-Hekma University offers programs in collaboration with the New York Film Academy.

Initiatives on video segment talent development aim at nurturing the next generation of talents in KSA. Source: Arthur D. Little

1. Boosting Below-The-Line talent in Saudi Arabia through a partnership with SPT
2. Initiatives and activities that enrich our culture and expand horizons

Collaboration and Partnership

In the dynamic landscape of Saudi Arabia's video segment, numerous partnerships have emerged as pivotal drivers of progress, forging synergies between domestic and international players to propel the industry forward. These collaborations underscore a shared commitment to innovation, creativity, and cultural exchange, harnessing the collective strengths of diverse stakeholders to deliver compelling content to audiences both within the Kingdom and beyond.

Notable alliances include Netflix's collaboration with Telfaz11¹, a prominent KSA-based production group, to co-produce fourteen films catering to Arab and global audiences. Similarly, MBC's strategic partnership with the Film Commission² aims to co-produce films and series, amplifying Saudi Arabia's creative footprint on the international stage. Partnerships such as SRMG's collaboration with Warner Bros to launch Asharq Discovery³, a

groundbreaking pan-Arabic-language platform, and Saudi Entertainment Ventures with AMC⁴ to enhance institutional capacities in the cinema industry, reinforce the transformative potential of cross-sector collaboration.

As these partnerships continue to flourish, private players in the video segment are presented with a compelling opportunity to forge additional alliances, unlocking business value and expanding reach within Saudi Arabia and beyond. By leveraging the expertise, resources, and networks of diverse partners, private players should aim to amplify their impact, drive innovation, and deliver unparalleled experiences to audiences across the region. Whether through content production, distribution, or technological innovation, collaboration holds the key to unlocking new avenues for growth and cementing Saudi Arabia's position as a hub of creativity and innovation in the global video landscape.

Collaborations & partnerships in KSA video sub-segment



Netflix has partnered with Telfaz11, a KSA based production group, to co-produce fourteen films that would appeal to both Arab and global audiences



MBC has signed a MoU with Film Commission to co-produce films and series within and beyond KSA. Ministry of Culture and MBC have collaborated to launch 'Cultural TV' Channel to showcase KSA's rich cultural heritage



SRMG and Warner Bros. Discovery collaborate to launch "Asharq Discovery", a new free-to-view Arabic-language infotainment platform, aimed at transforming the regional media landscape



PIF's Saudi Entertainment Ventures partnered with AMC to develop knowledge, technical expertise and the know-how to build up institutional capacities and support growth in Saudi Arabia's cinema industry



Image Nation Abu Dhabi, Majid Al Futtaim and MBC Studios have entered into an alliance to launch a production partnership for film and TV projects in Middle East, especially focusing on KSA

Collaborations and partnerships have accelerated the development of other enablers in KSA. Source: Arthur D. Little

1. Netflix Announces Eight-Film Partnership with Saudi Arabian Production Company
2. Saudi Arabia's film commission, MBC Group join hands to promote local film industry
3. SRMG and Warner Bros. Discovery launch Asharq Discovery, a unique free-to-view Arabic-language infotainment platform
4. Seven acquires AMC's stake in Saudi Arabia; retains AMC cinemas brand name in the Kingdom



Audio Segment

The audio segment aims to position KSA as a cultural hub, showcasing audio content that celebrates national heritage, fosters global dialogue, and amplifies the unique voices of Saudi Arabia on a global scale. This goal is achieved through the cultivation of a vibrant and inclusive audio landscape, facilitated by collaborative endeavors. By nurturing creative talents, ensuring financial sustainability, and promoting diverse participation, the segment seeks to engage global audiences and contribute to the cultural enrichment of Saudi Arabia and beyond.

Key national objectives of the audio segment:

1. Foster the creation of a comprehensive audio production ecosystem by leveraging strategic partnerships and infrastructure development
2. Implement inclusive educational programs and initiatives to empower individuals from diverse backgrounds and attract diverse talent from local and international communities
3. Introduce robust financial incentives and funding mechanisms to spur the growth and development of the audio segment
4. Implement stringent intellectual property protection mechanisms to safeguard the creations of audio professionals

In Saudi Arabia, the audio segment is experiencing a transformative evolution, characterized by a dynamic mix of local, regional, and international players across its value chain. This vibrant ecosystem is shaped by established entities such as MBC Group and Rotana, alongside emerging players such as Merwas. As the industry continues to evolve, it holds immense potential for collaboration, innovation, and cultural exchange.

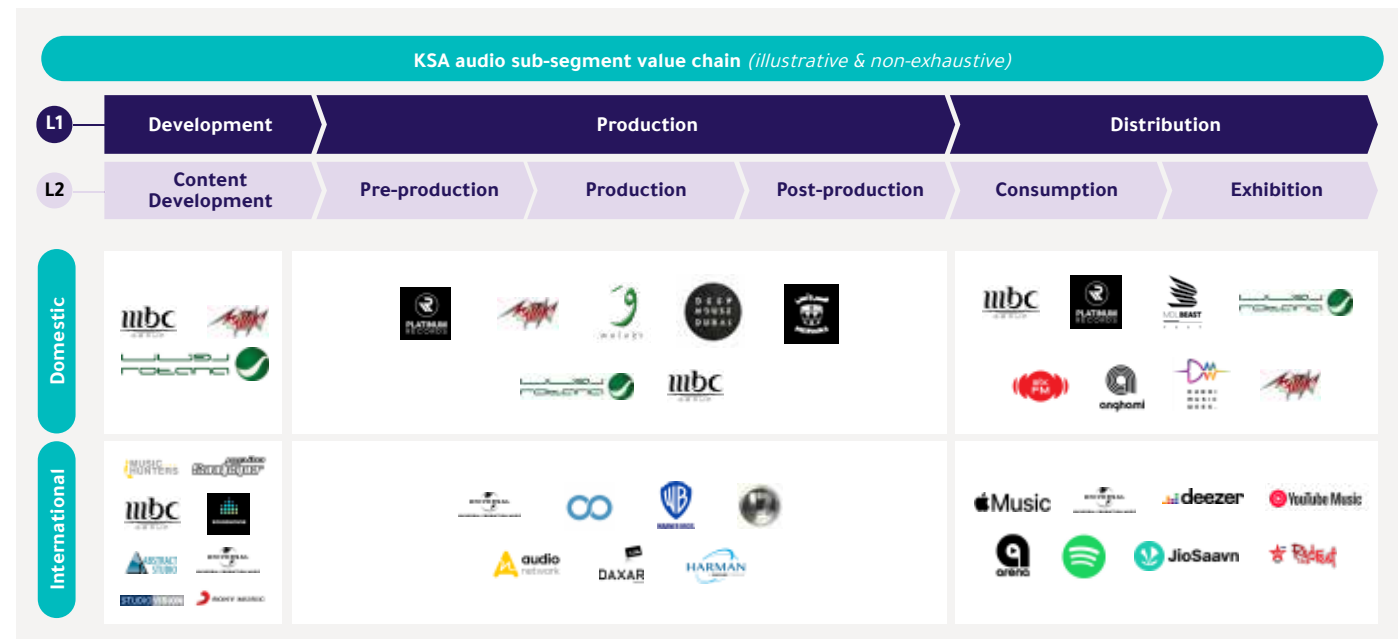
In content development, a diverse array of players contribute to the creation and management of audio content. Established entities such as MBC Group and Rotana produce high-budget content spanning music, podcasts, and other audio formats. These industry giants are complemented by a dynamic community of independent studios and media companies, fostering a rich landscape for creative expression. The rise of podcasts in KSA has further fueled content creation, with independent creators crafting a myriad of Arabic-language podcasts tailored to diverse interests.

In production, Riyadh-based Merwas has emerged as a pivotal player, offering support and resources to the Saudi creative community. Since its inception in 2022, Merwas has played a significant role in nurturing local talent and fostering a vibrant ecosystem for artists across

various disciplines. MBC Group's Platinum Records is a cornerstone of KSA's production landscape, specializing in artist development, music publishing, and production services.

The distribution phase of the audio segment is characterized by the dominance of streaming platforms, led by regional player Anghami, renowned for its extensive catalogue of Arabic and international content. International streaming giants such as Spotify and Apple Music also maintain a significant presence in the Saudi market, offering consumers access to a diverse array of audio content.

The proliferation of streaming platforms has facilitated the widespread consumption of podcasts, catering to evolving consumer preferences for on-demand audio experiences. Initiatives like MDLBEAST Soundstorm have emerged to cater to the growing interest in live music events, bringing together artists from around the world to captivate audiences in Saudi Arabia. However, traditional radio remains relatively limited in the Kingdom, with only a handful of channels available.



KSA audio segment is thriving with both local and global players across the value chain. Source: Arthur D. Little

Market Size

The audio segment in Saudi Arabia is poised for robust growth, expected at a CAGR of ~4% by 2027, culminating in a total segment value of approximately USD 300 million (SAR 1.1 billion).

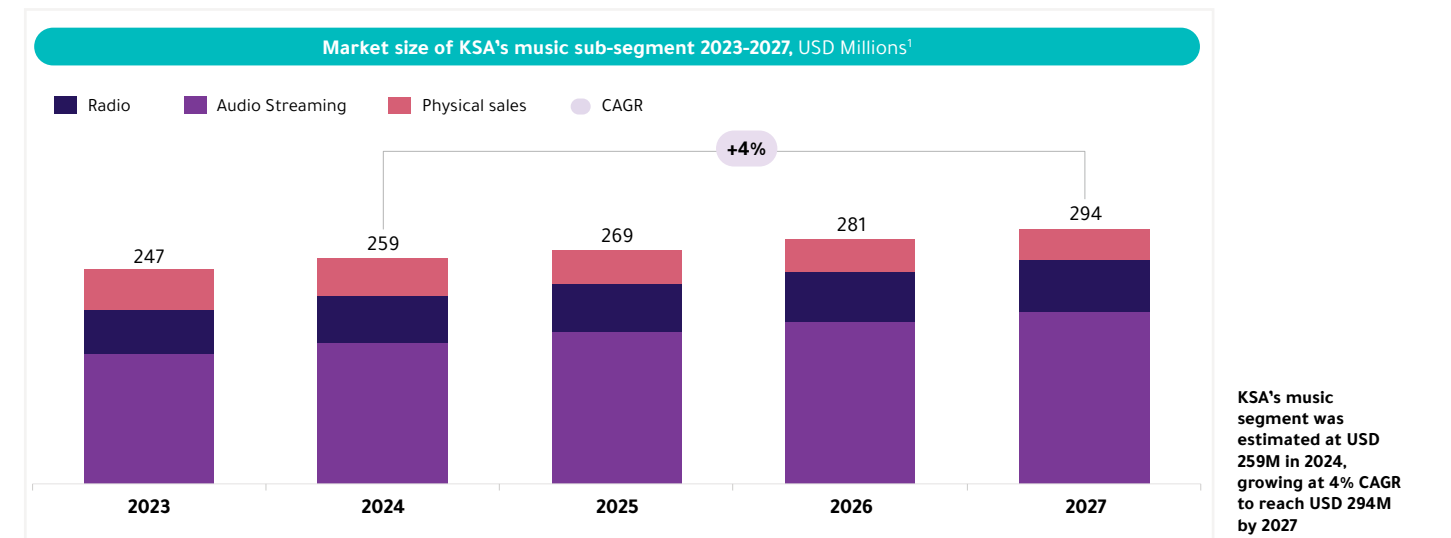
This growth trajectory is underpinned by the increasing penetration of both local and global audio streaming platforms, alongside a rising preference for podcasts among consumers.

Despite a setback experienced in 2020 due to the COVID-19 pandemic, wherein the overall audio segment witnessed a significant decline, the subsequent year of 2021 saw a remarkable recovery, surpassing pre-pandemic market sizes. This resilience underscores the segment's adaptability and its ability to rebound from external disruptions, reaffirming its attractiveness as an investment opportunity in the Saudi market.

Within the audio segment, the audio streaming sub-segments are projected to be key drivers of growth, with an anticipated CAGR of approximately 4% from 2024 onwards.

2027. This growth is fueled by the increasing demand for Arabic content, catering to the diverse preferences of Saudi audiences.

While radio remains a relevant component of the audio market, its growth potential will be comparatively limited compared to audio streaming. Despite facing challenges such as a decline in radio ads during the pandemic-induced economic downturn of 2020, the radio segment is expected to showcase a modest CAGR of approximately 3% from 2024 onwards.



Key Players

The Saudi music scene has undergone significant changes, with digital music increasingly eclipsing traditional formats. Digital music, which held a 33% market share in 2017, has seen consistent growth and is projected to capture 50% of the market by 2029. In contrast, the popularity of traditional music formats is on a downward trend, anticipated to decline from 31% in 2017 to 14% by 2029². However, traditional radio is expected to maintain a stable share of around 36%, indicating a continued appreciation for this format among Saudi listeners. This evolving preference signifies a shift towards digital consumption, mirroring a worldwide trend in the music industry.

Rotana is the foremost producer and distributor of Arabic music, boasting the most extensive Arabic music catalog and holding exclusive agreements with some of the most celebrated Arabic artists worldwide³. International labels like Universal Music Group and Sony Music Entertainment are also expanding in the Kingdom, driven by the growing demand for diverse music genres. These labels play a pivotal role in supporting Saudi artists, producing culturally relevant content, and aligning with the Kingdom's goals to enhance its entertainment and cultural sectors.

Rotana is the predominant record label in the MENA region, wielding considerable influence in the music sector. Established in Saudi Arabia in 1987, Rotana has

1. Arthur D. Little estimate
 2. Statista
 3. The top 10 Arab singers and International Journal of Communication

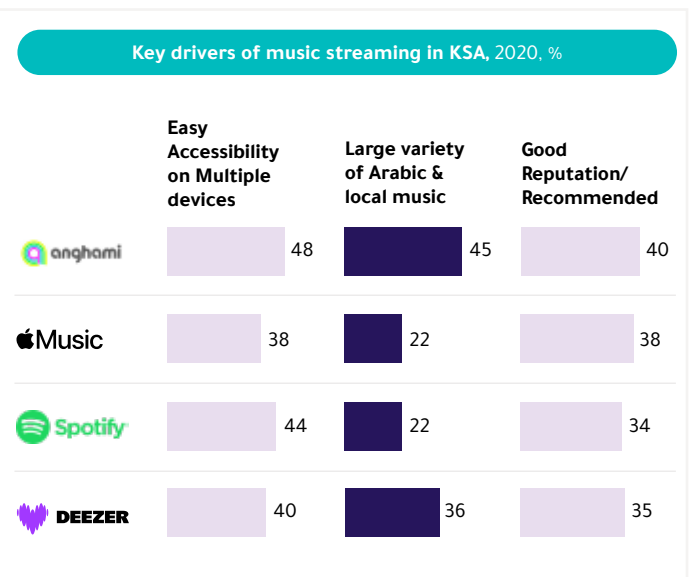
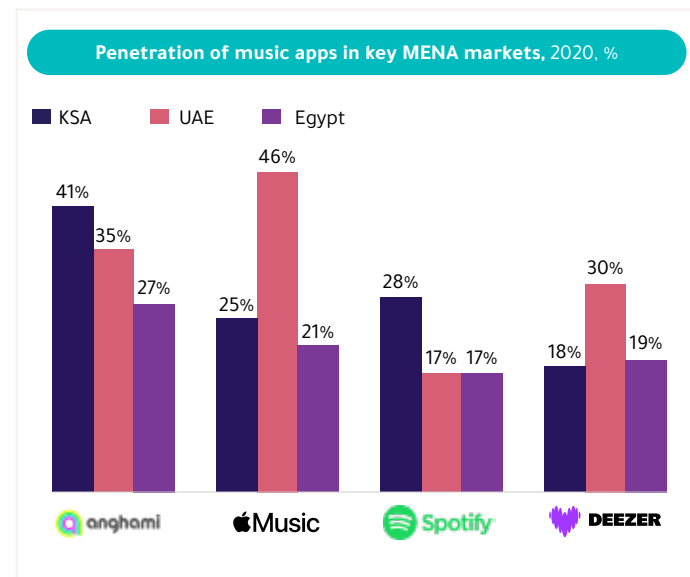
As the Kingdom's music industry flourishes under Vision 2030, there is an optimistic outlook for Saudi artists to emerge as leading figures in Arabic music, potentially reshaping the current regional artist hierarchy. This anticipated evolution not only under scores the shifting cultural dynamics in Saudi Arabia but also heralds new opportunities for the Kingdom's music industry on both regional and international platforms.

In Saudi Arabia, Anghami emerges as the dominant music streaming platform, boasting the highest penetration among competitors such as Apple Music, Spotify, and Deezer. This market dominance is underpinned by Anghami's exceptional performance across key factors driving consumer preferences: ease of accessibility on multiple devices, a vast array of Arabic and local con-

tent, and a strong reputation with favorable reviews.

Anghami's extensive library of Arabic and local content stands out as a key differentiator, catering to the diverse preferences of Saudi audiences and fostering a deeper connection with the platform. The platform's stellar reputation and positive recommendations further solidify its position as the preferred choice among music enthusiasts in the Kingdom.

With its user-centric approach and superior offerings, Anghami leads KSA's music streaming market, setting a new industry benchmark. Consumers benefit from multi-device access, rich local content, and personalized experiences, while other industry stakeholders gain opportunities for growth and engagement.



Anghami is estimated to be the most popular streaming music platform in the KSA. Source: Ipsos Data 'the state of music streaming in MENA research', as cited in 'Anghami's report'

Consumer Behavior

Consumer behavior in Saudi Arabia's audio segment reflects a dynamic landscape driven by demographic shifts, technological advancements, and evolving music preferences. The Kingdom's youthful population, with a median age of 29, plays a pivotal role in shaping demand for music streaming services. This growth is further bolstered by the active participation of the working-age population, extending up to 64 years old, who increasingly engage with digital music platforms. From 2019 to 2027², the total number of music listeners in Saudi Arabia is projected to rise significantly, signaling a sustained

expansion of the consumer base. This upward trajectory offers a strategic opportunity for the music industry to capitalize on a growing audience and meet the increasing demand for localized and personalized content. As streaming becomes more accessible and culturally relevant, the industry is well-positioned to tap into the preferences of both younger audiences and older, tech-savvy users. The Kingdom's robust media penetration and widespread internet access, coupled with a thriving economy, serves as a catalyst for the expansion of the audio segment, including music listenership.

1. Music Streaming in MENA: Why it matters to be local?
2. Statista

The significance of developing local Arabic content within the music industry cannot be overstated. With a young and tech-savvy demographic leading the growth in music consumption, there is a growing appetite for content that resonates with the cultural preferences and linguistic nuances of the local audience. By prioritizing the creation and promotion of Arabic music content, the industry can effectively cater to the evolving tastes and preferences of Saudi listeners, fostering greater engagement and loyalty while promoting cultural identity and diversity.

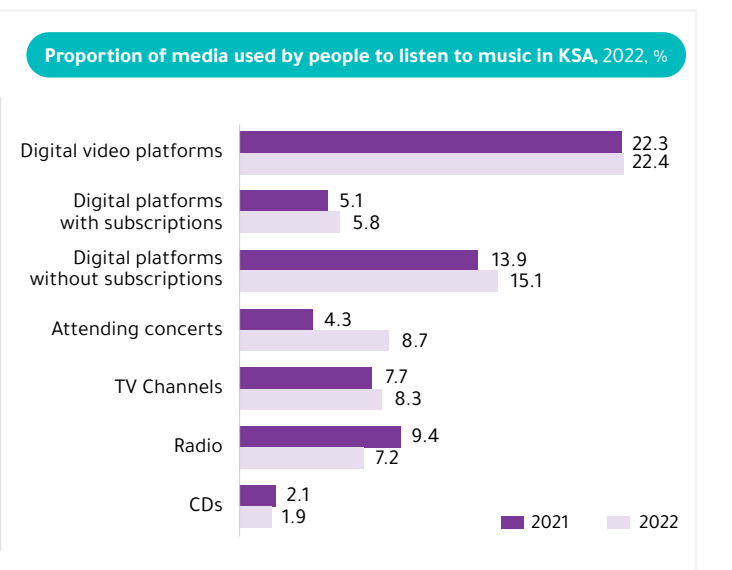
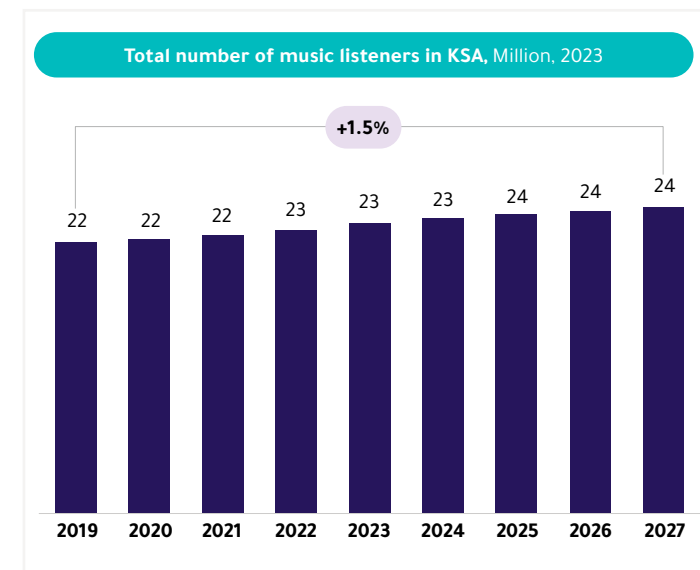
Consumer behavior trends underline a shift towards digitalization, with digital video platforms and digital platforms with subscriptions witnessing a notable rise¹.

This indicates an increasing willingness among Saudi consumers to invest in premium content offerings, reflecting broader engagement with digital channels. Conversely, traditional forms of media such as CDs and radio have experienced a slight decline, signaling a gradual transition towards digital consumption channels.

As consumer preferences evolve towards digital platforms, there are significant opportunities for investors and the music industry to tap into the Saudi market. By leveraging demographic dynamics, robust media infrastructure, and a growing appetite for local content, stakeholders can capitalize on the increasing demand for audio entertainment in Saudi Arabia. Investing in local content development, enhancing digital offerings, and fostering strategic partnerships will be key to unlocking the full potential of this dynamic and rapidly growing market.

Investor opportunity

KSA offers investors an opportunity to tap into its growing demand for audio entertainment by leveraging demographic shifts, media infrastructure, and local content appetite, driving growth through digital innovation, local content development, and strategic partnerships.



The number of music listeners in KSA is increasing, and they use a varied music platforms. Source: Ministry of Culture¹, Rising Giants Network²

Podcast consumption in Saudi Arabia reflects a developing trend, with an estimated 5.1 million regular listeners, constituting approximately 15% of the adult population². This engagement spans across genders, with 55% men and 44% women actively participating in podcast content. Podcast popularity in KSA stems from their versatility, providing tailored content that aligns with individual interests, and the convenience of multitasking while listening. The storytelling format of podcasts adds an engaging dimension, drawing in listeners who seek immersive narratives and informative discus-

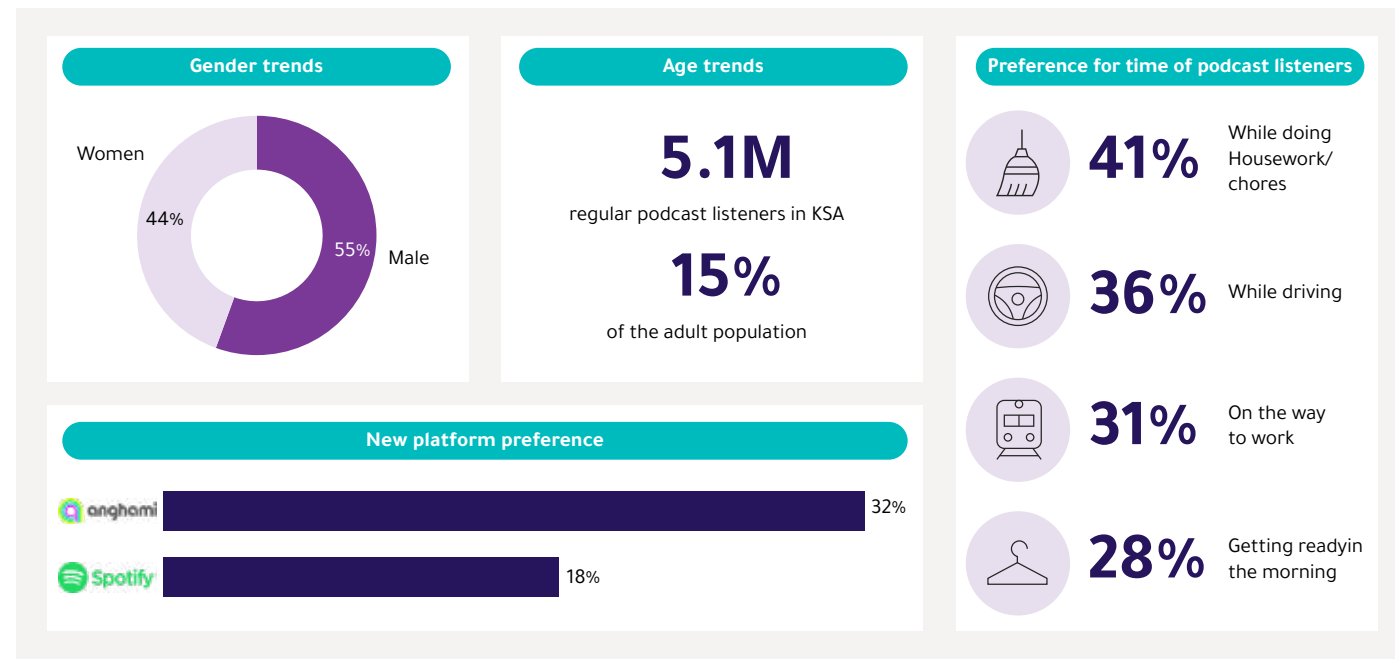
sions. As a result, podcast consumption has become integrated into various daily routines, with significant portions of the audience tuning in during housework, driving, commuting, and morning rituals.

Podcast listeners in Saudi Arabia exhibit diverse preferences and habits, reflecting a dynamic landscape of consumption. Notably, Arabic-language podcasts dominate the preference spectrum, highlighting the importance of localized content that resonates with the cultural and linguistic nuances of the Saudi audience.

1. Ministry of Culture Report
2. Podcast Consumption in KSA 2021

The demographic breakdown reveals that the 25-34 age group constitutes the largest segment of podcast consumers, emphasizing the importance of tailoring content to the interests and preferences of this key demographic. The inclination towards video formats among younger audiences presents an opportunity for podcast producers to explore innovative content delivery methods, enhancing engagement and expanding reach.

For podcast producers, there exists significant potential in the KSA market to offer strategic considerations for content creation and distribution. Understanding the demographic composition and preferences of the audience allows producers to curate content that aligns with the interests and habits of listeners, thereby maximizing engagement and retention.



Podcast is growing in popularity in Saudi Arabia. Source: Rising Giant Network



Key Enablers

Regulatory Framework

In Saudi Arabia's audio segment, investors encounter a regulatory framework tailored to foster fair competition, uphold accountability, and safeguard consumer interests. Clear guidelines delineate the necessary licenses, permits, or approvals for market entry, providing clarity and certainty to stakeholders navigating the sector. Reflecting the government's commitment to nurturing a vibrant audio ecosystem, this regulatory environment offers a solid foundation for growth, innovation, and investment within the Kingdom's audio industry. A list of licenses and registration related to the audio segment can be found in the Appendix.

Infrastructure

With numerous public ecosystem stakeholders taking the lead in advancing initiatives within Saudi Arabia's vibrant audio segment, the landscape for infrastructure development is poised for significant growth. As the Kingdom prioritizes the expansion and modernization of its audio infrastructure, stakeholders can expect to witness a wave of strategic investments aimed at enhancing production facilities and technological capabilities.

From state-of-the-art recording studios to an opera house, the evolving infrastructure promises to create an environment conducive to the creation and dissemination of audio content across diverse formats and genres. This concerted effort underscores Saudi Arabia's commitment to positioning itself as a leading hub for audio innovation and excellence in the region and beyond.

King Fahad Cultural Centre



A cultural landmark in Riyadh

As one of the most renowned cultural institutions in Saudi Arabia, the King Fahad Cultural Centre serves as a hub for cultural, literary, and artistic events.

It spans an area of 100,000 sqm and offers a variety of facilities and amenities, including a studio hall equipped with cameras for live broadcasts, a main concert hall, and a main theater for various exhibitions, especially the Zarqa Al Yamama opera.



Zarqa Al Yamama opera

This opera exhibition marks a significant cultural milestone for Saudi Arabia, representing the first locally produced opera.

It tells the story about a heroine with the ability to see three days into the future who warns her tribe of imminent danger.

The production features international and local singers, including English mezzo-soprano Sarah Connolly, sopranos Serena Farnocchia and Amelia Wawrzon, bass Aleksandar Stefanovski, tenor Patride Cataldo, and Saudis Reemaz Oqbi, Sawsan Albahiti, and Khayran Al Zahrani.

The score, composed by Australian Lee Bradshaw, combines Western orchestration with Arabic elements, featuring solos for the Oud and Ney.

Film AIUla

Film AIUla has announced a state-of-the-art music recording studio¹ set to complement its existing studios. Expected to be unveiled later this year, the new facility will feature cutting-edge audio and recording equipment, including a control room and two soundproof booths.

This versatile setup will cater to a wide range of musical endeavors, from individual artists and choirs to rehearsals for film score production, music videos, and orchestral work. The studio will encompass a spacious 190 sqm studio area, a 47 sqm control room, two ISO booths, catering facilities, and a rack room, providing artists with the tools they need to bring their creative visions to life.

The recording studio will herald Film AIUla's exciting entry into the music space. This dynamic facility will cater to individual artists, choirs, film work rehearsals, music videos, and orchestral performances.

Partnering with industry experts, Film AIUla is outfitting the studio with cutting-edge audio and recording technology, underscoring its dedication to becoming a premier, full-service creative hub.

Artists are encouraged to leverage these cutting-edge facilities to unleash their creativity and produce exceptional music. Whether recording singles, albums, or soundtracks, the studio offers a conducive space for artists to explore their artistic potential and create captivating musical compositions.



Music recording studio at AIUla. Source: Film AIUla

Diriyah Gate Development Authority

Diriyah Gate Development Authority, in collaboration with The Royal Commission for Riyadh City, has announced the ambitious project of establishing the Royal Diriyah Opera House², slated for inauguration in 2028. Envisioned as a cultural landmark, the Opera House will

feature a distinguished infrastructure spread across an area of 45,000 sqm. Designed to accommodate approximately 3,500 people across its four venues, the opera house will include a main 2000-seat opera theater tailored for grand-scale productions.

1. Saudi Arabia's Film AIUla Adds Adds Music Recording Studio to Film Studio Facilities
2. In cooperation with Diriyah Company, RCRC announces the establishment of Royal Diriyah Opera House



Illustration of Royal Diriyah Opera House. Source: Royal Commission for Riyadh City

Complementing this centerpiece are additional performance spaces, including a 450-seat adaptable theater and a 450-seat multipurpose theater suitable for smaller events and rehearsals. A shaded rooftop amphitheater will make outdoor performances possible, enhancing the venue's versatility and appeal.

Positioned to become a global platform for the performing arts, music, and opera, the Royal Diriyah Opera House aims to attract talented performers and re-

nowned companies from around the world, enriching the cultural landscape of Diriyah and offering residents and visitors alike exceptional cultural and entertainment experiences. With its state-of-the-art facilities and strategic location, the opera house aspires to serve as a beacon of artistic excellence, fostering creativity, collaboration, and appreciation for the performing arts on both national and international stages.

Funding and Financing

The audio segment benefits significantly from various government initiatives aimed at fostering its growth and development through financial support. These initiatives encompass a range of funding mechanisms designed to facilitate audio production projects, workshops, and training programs. Among these mechanisms, two prominent avenues include offsets and grants, which are instrumental in providing financial support to stakeholders within the audio industry. These funding mechanisms play a crucial role in sustaining and advancing the sector, ensuring operational continuity, fostering innovation, and promoting talent development.

Specifically, the Saudi Broadcasting Authority offers funding to public radio broadcasters through offsets, addressing revenue shortfalls from advertising and other sources. This support not only covers operational costs but also ensures the independence and viability of public radio stations, thereby contributing to the overall resilience of the audio broadcasting sector.

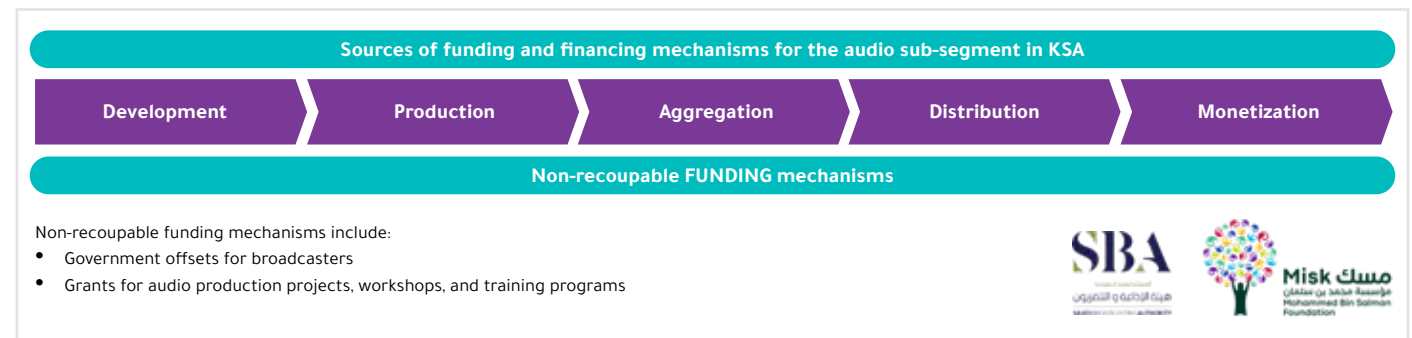
The Misk Foundation offers non-recoupable grants and support to artists and creatives, further bolstering the audio segment by providing avenues for project funding, professional development workshops, and specialized training programs.

Stakeholders within the audio segment are encouraged to capitalize on these funding mechanisms to fuel their growth and innovation endeavors in Saudi Arabia. By leveraging the available offsets, grants, and support programs, audio professionals and organizations can harness the resources needed to expand their operations, enhance their capabilities, and contribute to the flourishing audio landscape of the Kingdom. Additionally, investors are presented an opportunity to tap into the sector's growth by offering recoupable financing

options such as those offered by leading global institutions - label deals by Int'l labels (Sony Music), royalty advances (Hipgnosis Songs Fund), PE/VC investments (Round Hill Music).

Investor opportunity

Additionally, investors are presented an opportunity to tap into the sector's growth by offering recoupable financing options such as label deals, royalty advances, PE/VC investments



KSA's audio segment presents opportunities for investors to offer recoupable financing across the value chain. Source: Arthur D. Little

Technology

Technology is playing a pivotal role in shaping the landscape of the audio segment in KSA, revolutionizing the way content is created, distributed, and consumed. With high penetration of the internet across the country, advancements in technology are unlocking new possibilities and driving innovation within the audio industry. The proliferation of high-speed internet connectivity has facilitated a surge in audio streaming quality, enabling platforms like Anghami to offer high-quality audio experiences to users who opt for premium services. Growing support for emerging technologies such as Augmented Reality (AR) and Virtual Reality (VR) through 5G networks opens up avenues for immersive content experiences, potentially enhancing streaming platform applications with interactive and engaging features.

Similarly, the deployment of Artificial Intelligence (AI) is revolutionizing audio content consumption and creation in KSA. AI-powered recommendation systems are driving the growth of audio streaming platforms by curating personalized experiences for users, as seen with Spotify's tailored music recommendations¹. Also, AI-driven content creation is reshaping the landscape by generating customized audio content, as exemplified by Anghami's collaboration with Mubert² to create unique musical 'cheers' for sports events.

As market players in the audio segment navigate the evolving technological landscape of KSA, leveraging advancements in 5G/6G networks and AI technologies presents an opportunity to provide enhanced and differentiated user experiences. Through embracing high-speed internet capabilities and AI-driven innovations, audio platforms should look to deliver superior audio quality, personalized content recommendations, and interactive features, thereby enriching the overall user experience and capitalizing on the growing demand.



1. The Inner Workings of Spotify's AI-Powered Music Recommendations: How Spotify Shapes Your Playlist
2. Anghami collaborates with generative music platform Mubert

Talent Development

The Music Commission of KSA plays a pivotal role in spearheading talent development initiatives through tailored programs and strategic partnerships with leading international music academies. One such initiative is the San'ah program¹, established by the Music Commission, which offers a comprehensive 6-month virtual training program encompassing various fields such as artist management, DJ skills, sound engineering, and studio management.

The Commission has trained 36,000 teachers at the kindergarten level, marking a significant milestone in preparing educators to introduce music education at the academic level for the first time. The establishment of the Saudi Music hub by the Music Commission² aims to provide educational programs and training in music, with branches in Riyadh and Jeddah, fostering the development of a professional national musical group with high skills to represent the Kingdom both locally and internationally. The Nahawand Academy of Arts has collaborated with the Gnesin Russian Academy of Music to establish KSA's first international music academy³, offering educational programs, training, and certifications for musicians.

To further develop the talent needs of the Kingdom, global academic institutions can play a pivotal role in supporting talent development efforts through partnerships between leading local institutions, aimed specifically at delivering specialized audio and music programs. These global institutions can explore opportunities to establish new campuses in the Kingdom through partnerships, focusing on disciplines related to audio engineering, music composition, sound design, and other aspects of audio production.

There also exists significant potential for the co-development of music-related programs in areas such as sound mixing, Foley artistry, music production, and audio post-production, wherein these programs can contribute to the growth and competitiveness of the industry and can facilitate the exchange of cultural nuances.

Aligning talent development efforts with the growing demands of Saudi Arabia's audio segment ensures a continuous supply of skilled professionals capable of meeting industry standards and driving innovation. Through strategic talent development programs focused on audio and music, stakeholders can help cultivate a vibrant ecosystem that fosters creativity and excellence, catering to the needs of the Arab world.

1. Initiatives and activities that enrich our culture and expand horizons
2. Music Commission announces receiving applications for music classes
3. Saudi Arabia's First International Music Academy Launches in Taif



Music Commission initiatives

Music Commission trained 36,000 teachers at the kindergarten level, ahead of teaching music at the academic level for the first time this year.

San'ah program, set up by Music Commission, provides a 6-month virtual training program in fields such as artist management, DJ skills, sound engineering, and studio management.

Saudi Music Commission has set up Saudi Music hub to impart education and training programs in music with branches in Riyadh and Jeddah.

National Music Band

The initiative aims to form a professional national music group, with high skills, to represent the Kingdom in musical forums locally and internationally and to play behind the most famous Saudi and Arab artist in high-level forums.

International Music Academy

The Nahawand Academy of Arts has partnered with the Gnesin Russian Academy of Music to establish KSA's first international music academy and provide educational programs, training, and certifications for musicians.

Initiatives on audio segment talent development aim at nurturing the next generation of talents in KSA. Source: Arthur D. Little

Collaboration and Partnerships

Both the private and public sectors in Saudi Arabia are actively establishing collaborations and partnerships aimed at fostering balanced development initiatives across the audio value chain.

One such collaboration involves the Cultural Development Fund partnering with Merwas¹ to establish an investment fund for the music industry. This partnership represents a significant integration between the public and private sectors, enabling the latter to contribute to the growth of the audio segment and create opportunities for talent in the field.

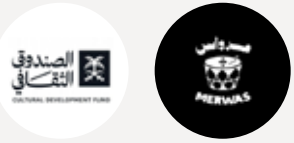
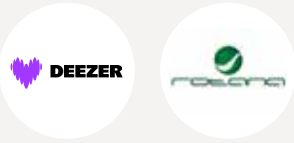
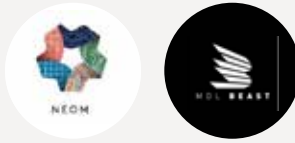
Deezer has entered into an exclusive long-term partnership with Rotana to distribute the KSA-based company's audio and visual content in MENA². This strategic agreement not only strengthens Deezer's market position but also enables Rotana to extend its reach across different markets within the MENA region, including Saudi Arabia.

NEOM has also announced a partnership with music entertainment company MDLBEAST to establish an ultra-modern beach club on its luxury island, Sindalah³.

MDLBEAST's expertise in hosting innovative world-class events aligns with NEOM's vision for creating unique entertainment destinations. This collaboration entails MDLBEAST managing the end-to-end operations of the beach club, ensuring a seamless experience for visitors. These partnerships demonstrate the synergistic efforts among various stakeholders to drive growth and innovation within Saudi Arabia's audio segment.

As the audio segment continues to evolve and expand in Saudi Arabia, there exists significant potential for further partnerships between private entities, government agencies, and international music productions. These collaborations have the potential to unlock business value, facilitate infrastructure development, and foster innovation across the audio value chain. Leveraging the expertise and resources of various partners, the audio segment in KSA can experience accelerated growth, leading to the establishment of a vibrant and dynamic ecosystem that caters to the diverse needs of consumers and creators alike not just in the Kingdom but for the Arab world.

Collaborations and partnerships in KSA audio sub-segment

 <p>The Saudi Cultural Development Fund has announced a collaboration with Merwas to establish investment fund in music</p> <p>This partnership comes as a step of integration between the public and private sector that enables the latter to contribute to the growth of the audio segment, and create opportunities for the talent in the field</p>	 <p>Deezer has entered into an exclusive long-term partnership with Rotana to distribute the KSA based company's audio and visual content in MENA</p> <p>The exclusive long-term distribution agreement with Rotana would provide Deezer a unique opportunity to build future market leader positions in different markets within MENA, including KSA</p>	 <p>NEOM has announced a new ultra-modern beach club on its luxury island Sindalah in a partnership with music entertainment company MDLBEAST, which is known for its expertise in hosting innovative world-class events</p> <p>MDLBEAST will handle the end-to-end operations, starting from the preparations during the venue pre-launch to the management of the destination</p>
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Saudi audio segment players have engaged in wide-ranging partnerships. Source: Arthur D. Little

1. Saudi Arabia to Launch Investment Funds in Music, Film Industries
2. Deezer Raises \$185M, Enters Partnership With Saudi Arabia-Based Rotana
3. Neom and MDLBeast set to unveil a luxurious beach club experience on Sindalah Island

05

Publishing Segment

KSA's publishing sector has seen remarkable growth, evolving from traditional outlets to online platforms, driven by electronic media and increased smartphone usage. This shift enables advertisers to connect more effectively with audiences. The move towards online advertising has opened new avenues for expansion and creativity, leading businesses and marketers to adapt and utilize electronic platforms' capabilities.

Key national objectives of the publishing segment:

1. Leverage its digital infrastructure and technologies to facilitate the seamless production, distribution, and consumption of digital content
2. Promote the publication of diverse voices and perspectives, showcasing the richness of Saudi culture and heritage
3. Empower individuals from all backgrounds with essential skills, fostering a culture of lifelong learning and talent development
4. Establish partnerships and exchange programs with international publishers, literary agents, and cultural organizations to amplify the reach of Saudi literature and promote intellectual exchange on a global scale



KSA publishing segment has specialized local players while global players are integrated across the value chain. Source: Arthur D. Little

Market Size

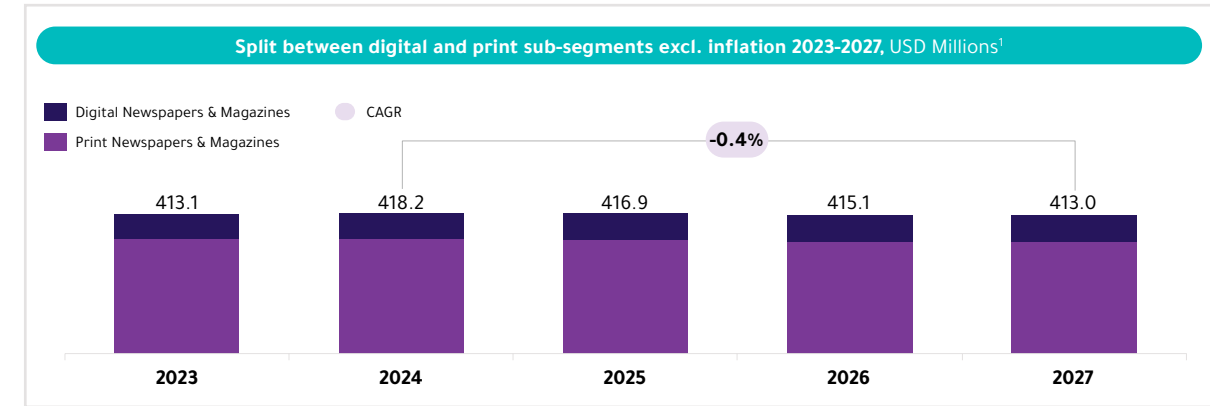
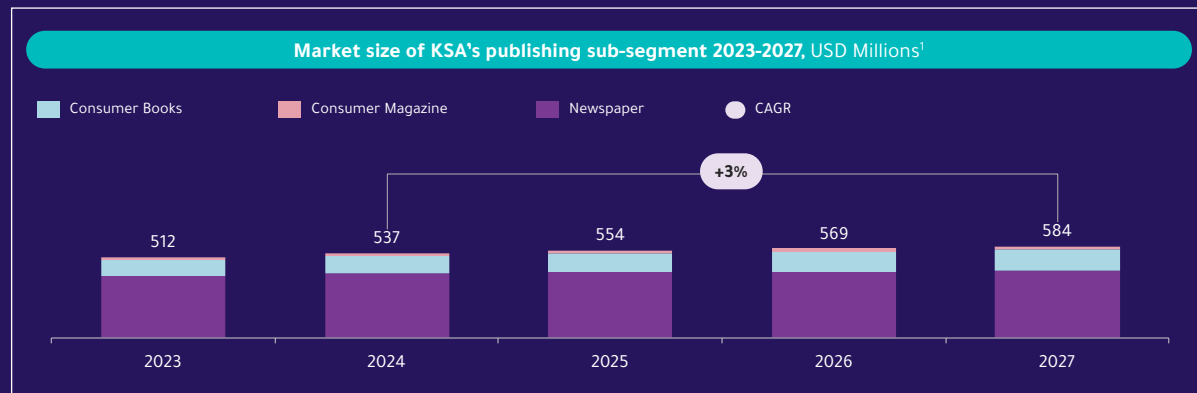
In line with global trends, the publishing segment in Saudi Arabia is facing challenges due to the increasing audience preference for digital publishing content over traditional printed materials. The Covid-19 pandemic represented a pivotal moment for the industry and the consumer behaviors that built up. For example, the value generated from book production has seen consistent growth, yet it remains below pre-pandemic figures.

As the industry needs time to transform and adapt, projections indicate a 3% growth in the overall seg-

ment's value from 2024 to 2027, reaching USD 584 million (SAR 2.2 billion) in 2027.

The newspaper segment, which holds the largest share, is expected to experience a 1% CAGR by 2027, driven by shifting consumer preferences towards alternative platforms such as social media.

Conversely, the consumer books segment is expected to experience a modest increase, attributed to government initiatives aimed at boosting readership rates across the Kingdom through various approaches, such as translating more content into Arabic.



KSA's publishing sector is biased towards print, with 82% share in 2024 - however, the kingdom is slowly transitioning towards digital formats. Source: Statista

The newspaper sub-segment is experiencing a shift, with traditional newspaper revenues expected to decline. However, the emergence of digital newspapers is poised to partially offset this decline.

Although print newspaper revenues still dominate the market share in KSA, the digital sector is expected to experience modest growth of 2% between 2024 and

2027. This growth is driven by technological advancements and the increasing prevalence of smartphones across the Kingdom. Despite these positive trends in the digital sector, overall revenues for newspapers and magazines are forecasted to decline at a market CAGR of 0.4% from 2023 to 2027, leading to a total market size of USD 413 million (SAR 1.5 Bn) in 2027.

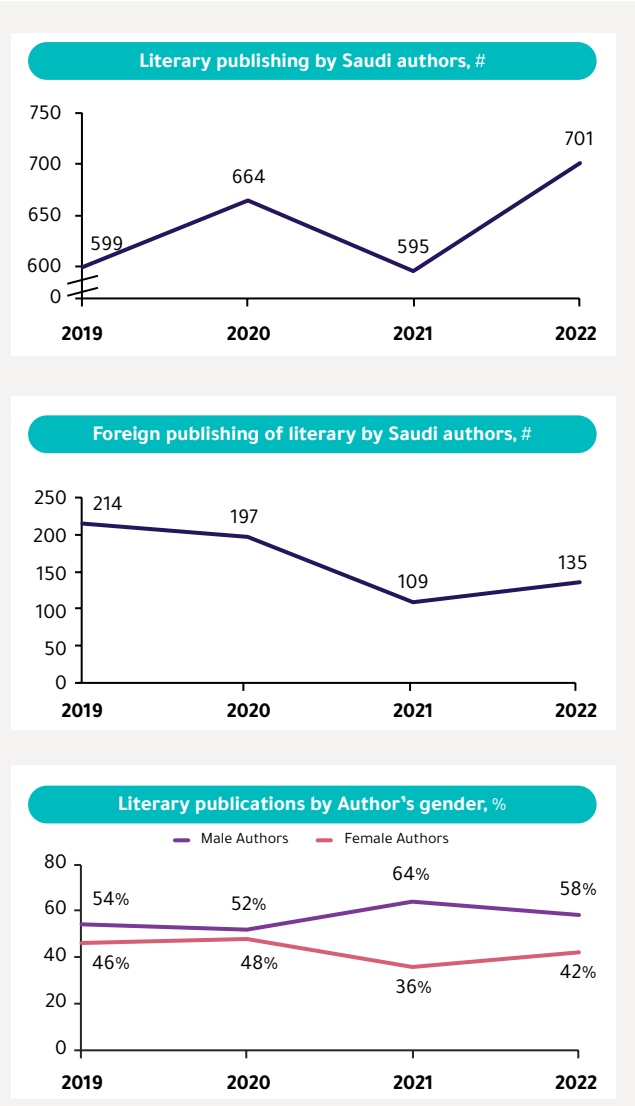


1. Statista

Key Players

The publishing sector in Saudi Arabia is characterized by a highly fragmented market dominated by private sector players, many of which operate across multiple stages of the value chain. In 2022, the top three players accounted for just 4.2% of the total market output, with Obeikan Bookstore Co. contributing 3.5% alone. The sector has also seen a decline in the number of enterprises, dropping from 456 in 2017 to 369 in 2022. Apart from the Saudi Research and Media Group (SRMG), most businesses in the sector are small-scale, with around 90% of enterprises employing fewer than nine employees¹. This fragmentation reflects a market made up of numerous specialized, small-scale entities with limited market concentration.

Today, the business model has shifted its focus to the local market, with exports making up only 1.3% of the total output in 2022. This situation presents a drastic change compared to the recent past when a larger portion of books by Saudi authors were produced and published in other territories in the MENA region and abroad due to challenges existing in Saudi Arabia, such as elevated costs and an inadequate distribution footprint. Currently, content produced and published abroad represents less than a quarter of all literary books published by Saudi authors, depicting higher value retention in the Kingdom and a more vibrant domestic publishing sector.



Saudi Arabia's publishing sector has grown at a slow pace since 2019².
Source: Ministry of Culture



1. Euromonitor International
2. Ministry of Culture

The Vision

“To inspire deeper knowledge in an ever-changing world by empowering audiences through innovative content and by fostering a space for intellectual growth and exploration”

The Mission

“To advance perspectives by delivering cutting-edge insights, relevance, and originality, providing audiences access to today’s most significant stories, boldest ideas, and brightest minds”



A Spotlight on an increasingly Digital Suite

As a leading player in the fast-changing news, content, and infotainment sector, SRMG Media not only adapts but takes a proactive approach to staying at the forefront of industry dynamics. SRMG’s strategy of investing in digitization, new technologies, and data-enabled platforms, is allowing the company to provide more original and exclusive content to its audiences regionally and globally.

Embracing the digital era, SRMG has undertaken initiatives to revamp legacy titles, launch new outlets with an expanded digital and social presence, and explore diversified business and revenue models. In 2023 alone, SRMG completed the digital transformation of Asharq Al-Awsat platform; launched multiple new platforms such as Manga Arabia, and others such as List Magazine and Billboard Arabia; and broadened the Asharq News Network offering with the addition of Asharq Discovery, Asharq Documentary, Asharq Quicktake, Asharq Podcasts, and Radio Asharq with Bloomberg.

Uncovering and developing media talents

SRMG launched SRMG Academy in Riyadh, offering a signature six-month training program designed to cultivate media talent through comprehensive vocational training. The program covers writing, editing, beat reporting, media ethics, and various storytelling formats, including mobile journalism, podcasting, and broadcast journalism.

Led by seasoned Arab journalists holding senior positions in global and regional news outlets, the academy drew on expertise from over 30 SRMG platforms, enabling trainees to collaborate with prestigious publications like Asharq Al-Awsat, Asharq News, and Independent Arabia.

SRMG Academy’s success relies on partnerships and collaborations with various entities, such as NEOM and governmental agencies. The collaboration will also focus on designing joint talent development and industry training programs, building on previous successful initiatives like the “Stories to Tell” journalism boot camp.

This program aims to empower the next generation of journalists and content creators, offering employment opportunities and supporting innovative projects to expand into new platforms and products.

Thanks to domestic initiatives designed to support publishers and ensure equal participation in the production of literary output, the number of publications in Saudi Arabia increased by 18%, reaching more than 700 publications in 2022¹. The representation of female authors in the literary space climbed to 42% in 2022, significantly reducing the gender gap to pre-2021 levels. This progress resulted in slightly below 300 new publications by women.

The Kingdom is also witnessing a notable increase in the number of works translated into Arabic, especially in fields such as children's literature, education, philosophy, and novels, which together constitute 62% of all translations. The volume of translated materials grew by 17% year-over-year, from 292 in 2021 to 341 in 2022, with a striking 37% rise in books translated into Arabic. This growth reflects the Kingdom's heightened interest in and demand for diverse literary perspectives².



Consumer Behavior

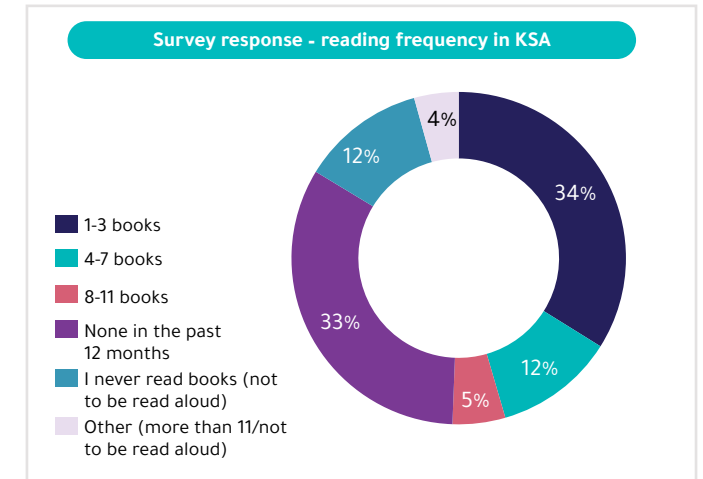
Aiming for 100% literacy, the Ministry of Education's key initiatives raised the literacy rate from 94.4% in 2017 to 96.3% in 2021.

These initiatives include the establishment of adult education schools, the development of tailored channels and platforms for adult education, and the organization of summer campaigns and forums dedicated to enhancing literacy.

However, despite these efforts, a recent survey conducted by the Ministry of Culture revealed that 33% of respondents had not read a book in the past 12 months, and 12% have never read a book.

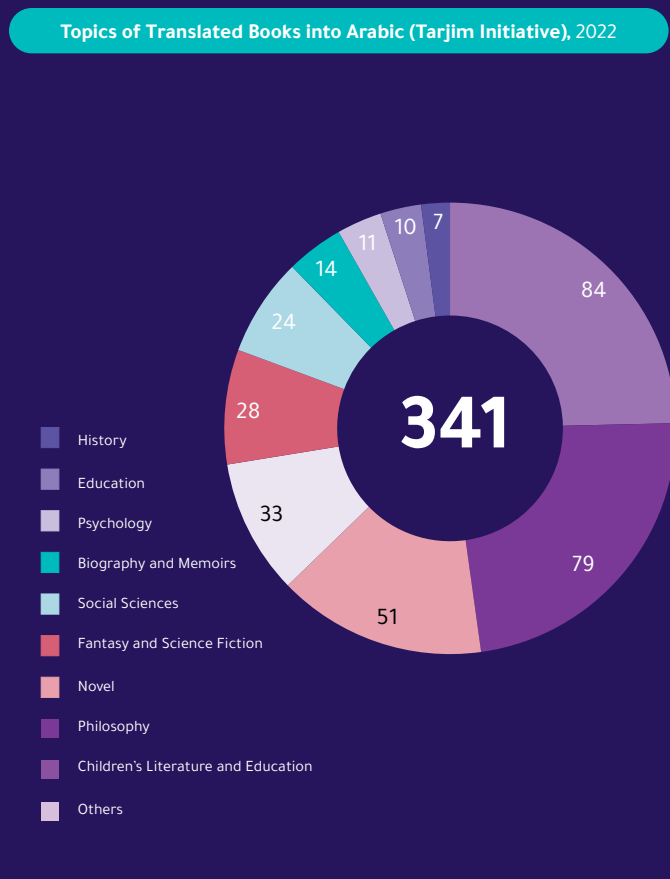
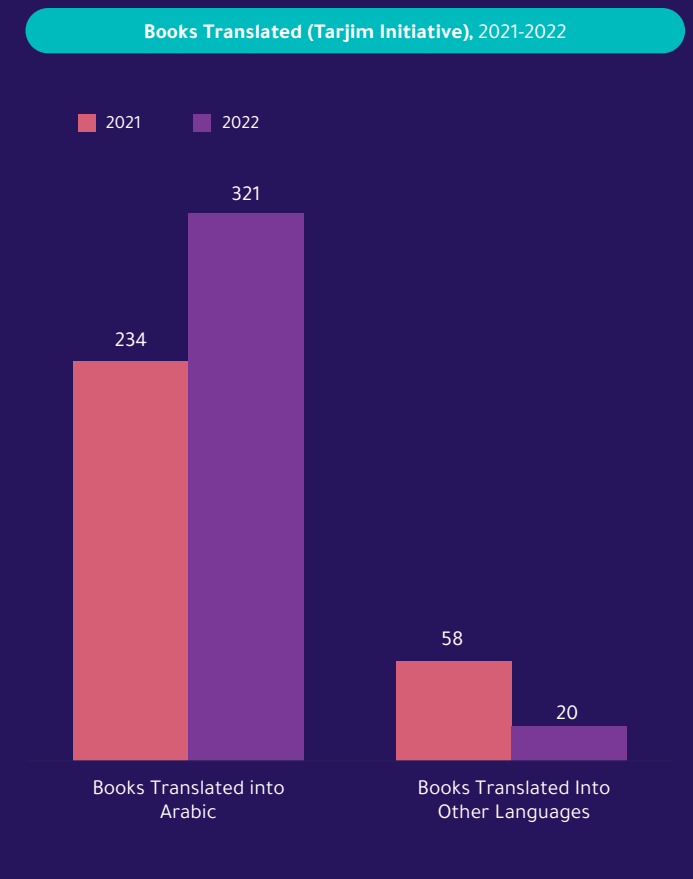
In response to this challenge, Literature, Publishing, & Translation Commission has initiated several projects aimed at broadening the readership base and cultivating a dynamic and creative society. These initiatives include the Digital Publishing Program, Books for All, Literature Everywhere, and Tarjim initiatives¹.

The same survey revealed that a third of the respondents engaged with e-books over the past year, with 40% indicating a willingness to explore e-books in the future². This interest, however, contrasts with the current market dynamics, as KSA's share of e-book sales lags about 40% behind the international average³. This discrepancy underscores a substantial opportunity for investors to explore the untapped potential in the e-book sector.

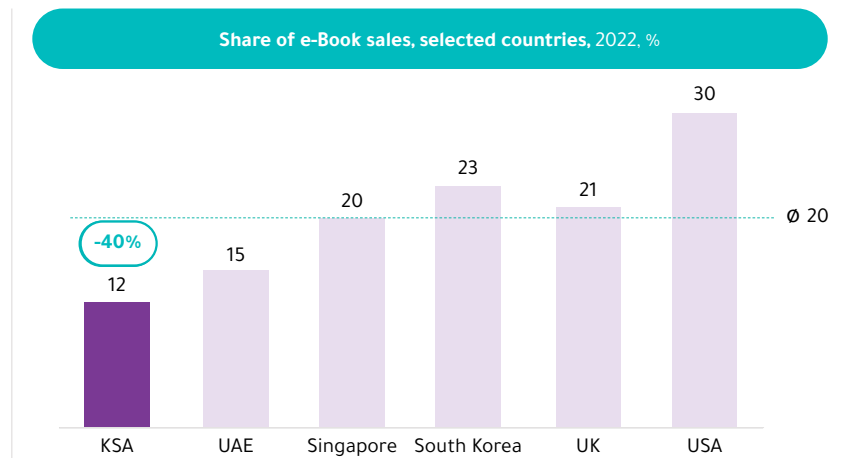
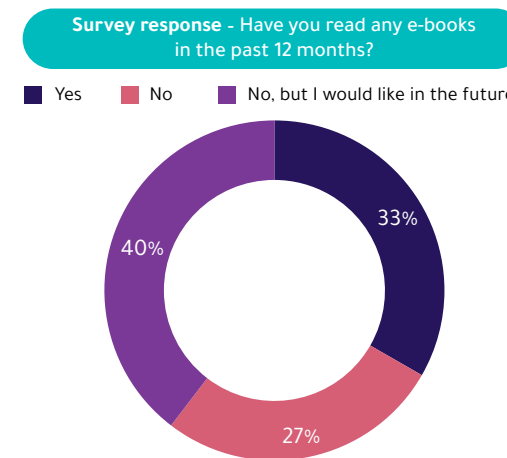


>50% of Saudis read at least 1 book in the last 12 months². Source: Ministry of Culture

- Digital Publishing Program**
 Aims at supporting and encouraging the dissemination of digital books through multiple channels to reach all segments of society
- Books for All**
 Striving to create a vibrant and innovative environment that nurtures cultural creativity and enhances the value of reading in society as a pathway to knowledge and advancement
- Literature Everywhere**
 Aims to spread the culture of reading, listening and interacting with literary works
- Tarjim**
 Support the translation sector in Saudi Arabia, enrich Arabic content by providing notable translated works, and facilitate the exchange of knowledge and ideas



The number of foreign works translated into Arabic is on the rise. Source: Ministry of Culture



KSA lags benchmark countries in consumption of e-books, with only 33% people reading e-books in last 12 months and share of e-books sales 12%³.

1. Euromonitor International
2. Ministry of Culture

1. Literature, Publishing, & Translation Commission
2. Ministry of Culture
3. Statista

Key Enablers

Regulatory Framework


The publishing segment in KSA boasts a robust regulatory framework characterized by its emphasis on accountability, fair competition, and consumer protection. By fostering a level playing field and safeguarding the interests of all stakeholders, this regulatory framework contributes to the integrity and sustainability of the publishing sector in the Kingdom. Regarding licenses, the publishing segment specifically requires permits for activities such as printing, distribution, and copyright permissions. A list of licenses and registration related to the publishing segment can be found in the Appendix¹.

Infrastructure

Despite the challenges facing the publishing sector, Saudi Arabia stands out as a global leader in the preservation and dissemination of the Qur'an and its Sciences. Through KFGQPC, established in 1985, Saudi Arabia continues its noble mission of translating and safeguarding the Quranic Text, leveraging cutting-edge technologies in printing, audio recording, electronic publishing, and digital applications. As the largest printing facility dedicated to the Qur'an, KFGQPC has the remarkable capacity to produce over 18 million copies of



the sacred text annually, catering to the needs of both domestic and international audiences. With 361 publication types, including complete Mushafs, Juz' Mushafs, translations, audio recordings, and books on the Sciences of the Qur'an, the complex plays a crucial role in advancing Quranic scholarship globally. The distribution of these publications reached 317 million copies by 2020, underscoring the enduring impact of KFGQPC's efforts in spreading the message of the Quran far and wide².



King Fahd Glorious Qur'an Printing Complex (KFGQPC) shall assume the leadership in serving the Glorious Qur'an and its Sciences, translating its Meanings, and safeguarding the Qur'anic Text from distortion, through the optimal use of advanced technologies in the field of printing, audio recordings, electronic publishing and digital applications.

1985
KFGQPC was established in 1985 with the objective of serving the Glorious Qur'an and its Sciences, translating its meanings, and safeguarding the Qur'anic Text from distortion, through the optimal use of advanced technologies in the field of printing, audio recordings, electronic publishing and digital applications.

>18 Million copies annually
KFGQPC is one of the largest printing facilities dedicated to the Quran globally. The complex has the capability to produce millions of copies of the Quran annually, meeting the demand for this sacred text both domestically in Saudi Arabia and internationally.

361 Publication type
The number of publications produced or under production increased to about 361 publications. These publications are distributed as Complete Musafs, Juz' Musafs, Translations, audio recordings, books on the Sciences of Qur'an and others.

>317 Million copies
The distributed quantities increased to 317 million copies until the year 2020.



Saudi Publishing House is a Saudi publishing entity owned by the Literature, Publishing, and Translation Commission; It aims to support and empower the publishing industry in KSA, stimulating local publishing activity, improving output quality in terms of content and final production, and supporting publishers, practitioners, and cultural institutions.

2021
Launched by the Literature, Publishing, and Translation Commission, it supports and develops the publishing industry in the Kingdom, enriching the cultural sector with works that have a sustainable impact and supports publishers, practitioners, cultural institutions, and related entities.


Invests in modern technology
Invests in and encourages adoption of modern publishing technologies and supports small and emerging publishing houses, local printing presses, and Saudi practitioners.

1. General Authority of Media Regulation
2. King Fahd Glorious Quran Printing Complex

Funding and Financing

As part of its efforts and initiatives dedicated to the promotion of literary work in Saudi Arabia, the Literature, Publishing, and Translation Commission organizes programs such as 'Mu'allafa 45'¹, a Competition on Arabic poetry, which includes monetary awards ranging from SAR 1 M to SAR 250,000 for competition winners. The 'Third Cover', a program highlighting literature and narrative creativity in the Kingdom will also be sponsored by Literature, Publishing, and Translation

Commission. There is additional opportunity for investors to offer recoupable financing in form of royalty advances, licensing deals, etc.



There is additional opportunity for investors to offer recoupable financing in form of royalty advances, licensing deals, etc.

Technology

Businesses in the news industry are increasingly leveraging AI technologies to transform content generation, streamlining processes, and elevating the quality of news coverage. AI's transformative capabilities are evident in content summarization and automated news article creation, with major players such as Reuters and BBC spearheading the movement. Reuters employs AI to automate news article creation, particularly for topics such as financial markets, while BBC integrates AI into its production process for generating weather reports and sports updates. AI-powered fact-checking is gaining momentum, empowering news organizations to verify information across various sources and combat misinformation effectively. Bloomberg harnesses AI to analyze vast datasets, ensuring accuracy and

credibility of their news articles and reports, while CNN utilizes AI-powered tools to authenticate images and videos shared on social media platforms, swiftly debunking false information².

Saudi Arabia is strategically positioned to leverage emerging AI initiatives, mirroring global trends and progressive strategies of news organizations. This approach promises significant investment potential while boosting media trust and driving transformation in the local news industry. By fostering collaboration to adopt AI advancements, the kingdom can unlock new growth opportunities and cement its role as a key player in the evolving media landscape.



Talent

When it comes to talent development, industry stakeholders, and academic institutions are taking proactive steps to tailor academic programs and training to align with the evolving skillset required in the publishing industry. Leading entities such as SRMG, MBC, NEOM, and

academic institutions have made significant efforts to cultivate a skilled workforce capable of meeting the diverse demands of the media landscape, and the publishing sector in particular.

1. Saudi Gazette; Saudi Press Agency
2. Reuters, BBC News, Bloomberg, CNN

SRMG Academy

SRMG Academy, a newly launched training program based in Riyadh, dedicated to uncovering fresh media talent and nurturing emerging journalists through world-class vocational training within the Kingdom and beyond¹.



NEOM - Graduate Program

NEOM has recently launched its graduate development program, designed to develop young Saudis' understanding of all aspects of contemporary media, working with them to explore today's media and communications environment and discover what the future of media in Saudi Arabia may look like³.

Universities Across KSA

Several prominent universities play pivotal roles in shaping the field of journalism and media studies in the Kingdom, by providing a diverse array of undergraduate and graduate programs. Notable institutions include:

- King Saud University, recognized for its programs in Broadcast Journalism.
- King AbdulAziz University, known for its focus on Broadcast Journalism.
- Umm Al-Qura University, offering Bachelor's Programs in Journalism.
- King Faisal University, providing a Master's in Media and Communication Sciences.
- King Khalid University, offering programs related to Journalism and Digital Media.

1. SRMG
2. MBC
3. NEOM
4. Ministry of Media

MBC Academy

Similarly, the MBC Academy, established in 2020, is committed to fortifying the media industry in KSA by enhancing skills across various domains within the media ecosystem, spanning film, television, theater, radio, broadcast, digital games, news, and press².



The Saudi Press Agency has inaugurated its pioneering News Training Academy, marking a milestone as the first institution dedicated to news training. The academy's curriculum encompasses five key domains: journalism and news, technology and artificial intelligence, leadership and journalism ethics, media partners, and news awareness.

With a mission to localize knowledge, transfer best practices, and emerge as a regional hub for news content production and distribution, the academy is poised to collaborate with both local and international stakeholders. This presents an exceptional platform for investors to seize the opportunities in the realm of news and media⁴.

Collaboration and Partnerships

Several active partnership initiatives are dedicated to fostering collaboration within the publishing segment, driving notable advancements in the industry.

Among the noteworthy endeavors stands the collaborative venture between Saudi Research and Media Group (SRMG) and NEOM, embarking on a diverse array of activities aimed at enhancing content production, pushing the boundaries of media technology, and integrating robust training programs. This strategic collaboration is set to innovate in content creation in Saudi Arabia, further amplifying the sector's prowess within the Kingdom. SRMG and NEOM are committed to forming joint initiatives for talent development and training, focusing on enriching the media landscape in the region. These initiatives, which include journalism, scriptwriting, and production training, will build upon the successful groundwork laid by the partnership established in 2022¹.


The Literature, Publishing, and Translation Commission has launched the Literary Partner initiative, aimed at cultivating partnerships with organizations involved in the creative promotion of literary works. This effort seeks to make literary works more accessible to society. Another noteworthy initiative by the Commission is the Publishing Accelerator Program, which focuses on empowering Saudi publishing houses in both print and digital publishing domains each cycle. This endeavor involves establishing an accelerator program that

offers participants comprehensive training programs, advisory sessions, shared services, and the opportunity to build a robust network of partners across various business sectors, with a specific focus on the publishing segment².


Despite significant efforts by both public and private entities to develop talent, a noticeable gap persists between the available educational programs and the high demand from the young population interested in the publishing sector. Partnerships between domestic institutions and international players have emerged as a pragmatic solution, enabling academic institutions to bridge this disparity. These partnerships offer enticing investment prospects for foreign academic institutions and operators in the publishing segment.

Partnerships can also facilitate the introduction of cutting-edge technologies and best practices in publishing, such as AI-driven content generation and fact-checking systems. This empowers local talent to stay abreast of global trends and standards. Foreign investment is crucial in fueling research and development initiatives aimed at advancing publishing technologies, refining content creation processes, and optimizing audience engagement strategies.


Collaborations & partnerships in KSA publishing sub-segment



NEOM



SRMG



Commission for Literature, Publishing and Translation

SRMG and NEOM have signed a Memorandum of Understanding to collaborate across a range of activities. Key outcomes include increased content production in NEOM, media technology development and integration, and media training programs.

The Literature, Publishing, and Translation Commission aims to empower Saudi publishing houses in both print and digital publishing fields. This is achieved through initiatives for establishing accelerators and incubators that provide participants with rich training programs, advisory sessions, shared services, and build a network of partners in business sectors in general and the publishing segment in particular.

Saudi publishing segment players have leveraged partnerships across the public and private sectors to grow the segment. Source: Arthur D. Little

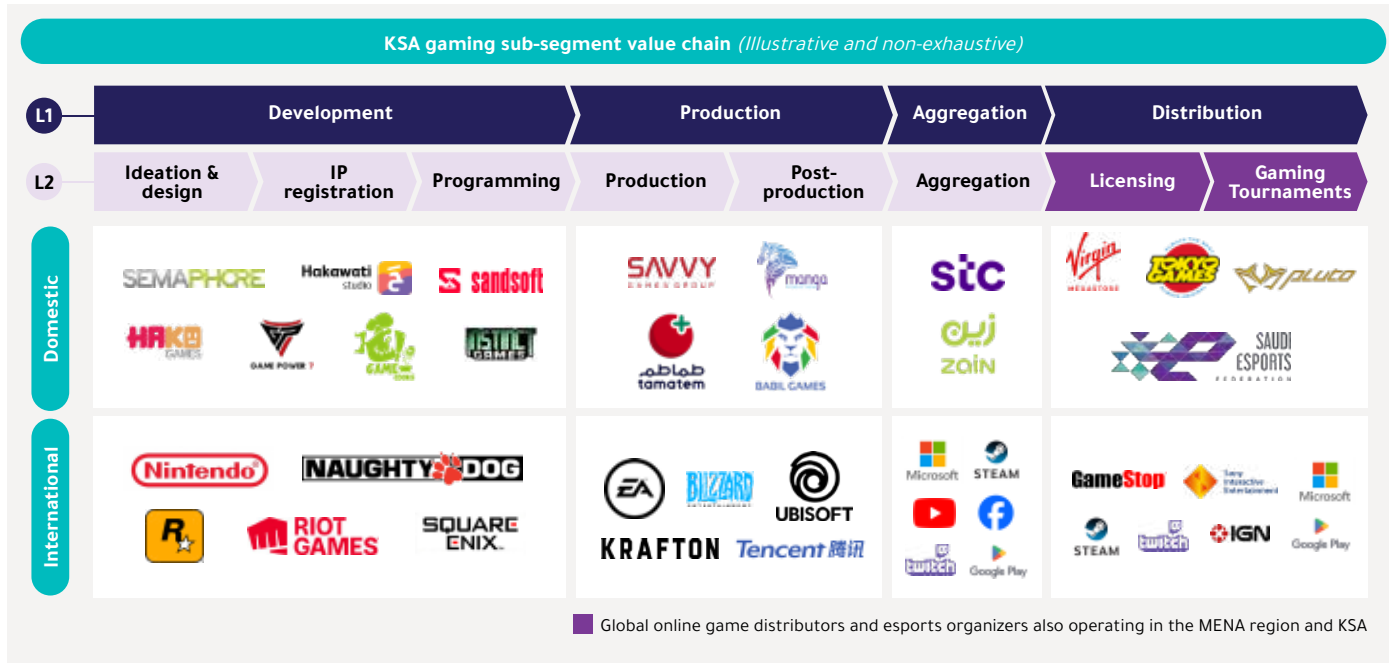
1. NEOM
2. Literature, Publishing, and Translation Commission; <https://www.arabnews.com/node/2368276/saudi-arabia>

Gaming Segment

KSA has embarked on an ambitious plan to build a vibrant, globally-leading gaming and esports sector. By developing this sector, it aims to drive innovation and redefine interactive entertainment worldwide. To achieve this goal, it has made strategic investments in infrastructure, engaged the gaming and esports community, and empowered gamers, developers, and industry stakeholders to thrive, driving innovation and excellence in interactive entertainment.

Key national objectives of the gaming segment:

1. Develop a regulatory and governance framework to coordinate the roles of public stakeholders in the gaming and esports sector.
2. Create best-in-class technical and physical infrastructures to support esports growth.
3. Provide best-in-class funding and financial support to expand the gaming and esports ecosystem.
4. Become the world's testbed for game-tech innovation.
5. Become a world-class center for education in gaming and esports.
6. Foster collaboration and partnerships at both the private and public sector levels to scale national the success of KSA's gaming and esports initiatives.



KSA's video segment has large number of global players, with the local scene evolving in recent years. Source: Arthur D. Little

Key Players

KSA's gaming segment is thriving, featuring both local and international players at every step of its value chain. While the key players in the value chain are dominated by leading global brands such as Activision Blizzard, Tencent, Microsoft, and Google, several home-grown smaller studios are emerging, specializing in niche, localized content for the Saudi and regional audiences.

In the game development stage, which includes initial idea iteration and design, prominent local developers include Semaphore Games, a multiplatform development studio based in Riyadh, and Hakawati Studio, which creates games focusing on Saudi culture and the Arabic language. In the production and post-production stages, larger players take the lead on key activities, including refining game design, programming, graphics and animation, interface development, beta testing, game publishing, and marketing. Most global players such as EA Games, Activision Blizzard, and

Tencent Games are market leaders in the production phase, but local entities such as Savvy Games and Manga Productions are rapidly gaining ground.

As online gaming gains popularity, game aggregators serve as hubs, consolidating games from developers and producers, and distributing them to gamers as downloadable content or through "free-play" subscription models. The distribution phase, the final stage, involves marketing and selling games to customers through traditional game shops, gaming tournaments, and expanding the esports scene.

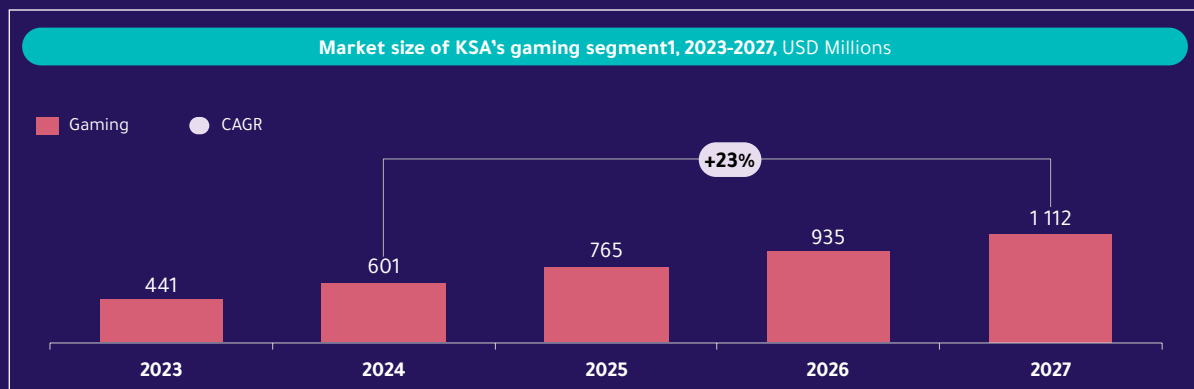
The most popular content distributors are global, platform-centric players like Sony Interactive Entertainment (PlayStation), Microsoft (Xbox), and Steam (PC), while local players in KSA, such as Tokyo Games, maintain a more physical presence. Local esports organizations, including the Saudi Esports Federation, also host gaming tournaments to boost the esports sector.

Market Size

The gaming segment in Saudi Arabia has experienced significant growth, driven by widespread popularity and a commitment to elevate esports as a national priority, supported by HRH Mohammed bin Salman, Crown Prince of Saudi Arabia. From 2024 to 2027, the gaming segment is projected to grow at a 23% CAGR, reaching a value of over USD 1.1 billion¹ (SAR 4.2 billion).

This upward trend is expected to continue, catalyzed by the substantial investments in the gaming and esports sectors.

On top of the projected size of the media sector related components of the gaming segment, there is a vast upside potential in the adjacent areas such as e-sports and gaming focused events and infrastructure, fueled by the gaming segment's growth.



KSA's gaming sector is poised to grow at a CAGR of 23% between 2024 and 2027, reaching a market size of over USD 1 bn¹. Source: Arthur D. Little estimate

1. Only considers media sector related components of gaming segment, which includes AAA studios, mid-size/indie studios, QA/testing companies, game adjacencies, and pro e-sports teams. It excludes adjacent event focused components associated with e-sports and gaming segment

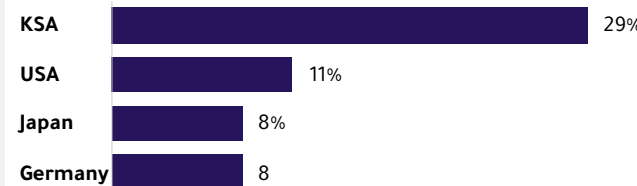


Consumer Behavior

As one of the most favored forms of entertainment in KSA, the gaming sector offers significant investment opportunities, especially by catering to the preferences of the younger audience. This demographic boasts high levels of disposable income and a readiness to invest in their hobbies. The majority of KSA's young adults engage in 2-6 hours of play daily, primarily on smartphones, with first-person shooters (FPS), role-playing

games (RPG), and strategy games being their preferred genres¹. These players are more engaged and more inclined to spend² on their pastime compared to their international counterparts³. For investors, this situation presents potential avenues for innovative revenue generation, such as integrating blockchain technology in play-to-earn models or adopting subscription-based services.

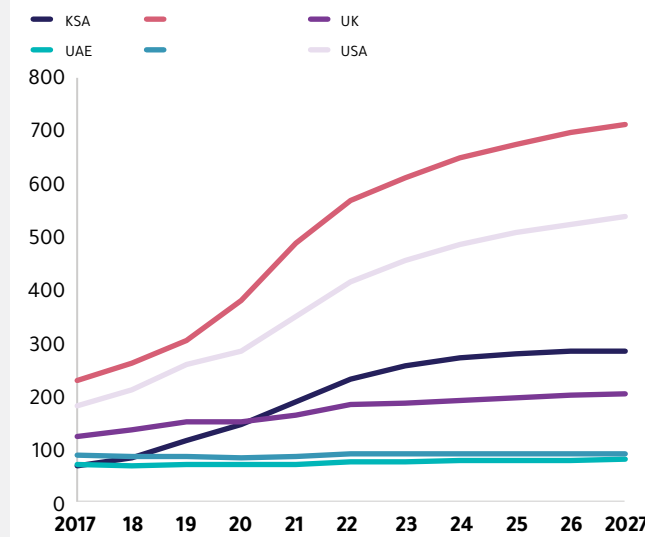
Survey response - interest in e-sports



Survey response - time spent gaming, # hours



Gaming revenue/ user, selected countries, 2017-2027, USD



Saudi gamers spend more money and time on gaming than other major markets. Source: YouGov

Esports has also garnered a strong following in KSA, attracting participants and spectators from diverse age groups and genders. This broad appeal presents a significant opportunity for global esports firms to establish partnerships within the Kingdom. A passion for competitive gaming fuels interest and participation in esports, creating avenues for KSA to cultivate its roster of elite competitive gamers.

One-third of esports enthusiasts express a desire to pursue careers in this competitive scene⁴, indicating a

robust and eager talent pool in KSA ready for further development. Key to engaging fans and players alike is the blend of online and offline experiences, highlighting the importance of both digital infrastructure and physical venues.

Beyond enhancing online platforms, there is potential for both government and private entities to invest in dedicated esports arenas, thereby increasing audience numbers and fostering loyalty among fans to their favorite teams.

1. Insights into Saudi Arabia's Half-a-Billion Mobile Games Market: Revenues, Gamers & Player Spending
 2. APAC gamers lead the globe on most time spent gaming per week: YouGov
 3. Saudi Gaming Market Outlook Report, Astrolabs/Impact64
 4. Esports growth and venue development in KSA, Populous/YouGov

Gender profile of e-sports followers

Age trends

51% of e-sports spectators are below age 34, reflecting diverse age range of viewers

Top followed game franchises

- 38% EA SPORTS FIFA
- 27% CALL-DUTY
- 17% FORTNITE
- 17% CLASH ROYALE

Elite e-sports events in KSA

KSA hosted the Gamers8 tournament in July 2023, attracting over 1,300 top e-sports players

\$45M

Prize Money

325

Int'l Teams

1.23B

Viewership

Esports is quickly garnering popularity in Saudi Arabia. Source: YouGov, Arthur D. Little



Key Enablers

Regulatory Framework

In line with other prominent gaming hubs, KSA has established a comprehensive regulatory and licensing framework aimed at ensuring sectoral accountability, fostering fair competition, protecting consumers, and supporting the development of the gaming and esports industries within the social and cultural norms of the Kingdom. The regulatory regime primarily addresses classification and clearance, as well as the advertising and broadcasting of esports events¹.

There is a streamlined process in place for the development, production, and distribution of games, which encourages foreign entities to introduce and adapt content specifically for the KSA audience. Conversely, for esports participants and organizations, the requirements for broadcasting activities are comparatively minimal.

A list of licenses and registration related to the gaming segment can be found in the Appendix.

1. General Authority of Media Regulation

Infrastructure

To catalyze the expansion of the gaming and esports sector, Saudi Arabia has launched ambitious initiatives to enhance both technical and physical infrastructures. The Kingdom is making significant investments in creating cutting-edge facilities to captivate both domestic and international enthusiasts, while also attracting investors and developers to establish a stronger presence in the region.

KSA is dedicated to constructing top-tier, gaming-focused facilities on a regional level. Notably, Qiddiya City

will host the world's first mixed-use gaming and esports district, attracting gamers from around the globe and establishing Saudi Arabia as the global epicenter of the gaming sector.

These developments and their potential have garnered the attention of foreign players. In 2024, the UAE-based esports network True Gamers announced plans¹ to invest \$45 million in establishing 150 gaming centers in the Kingdom, aiming to enhance the experience for enthusiasts and support the nation's burgeoning esports scene.



Illustrative image of Qiddiya's esports stadium. Source: The National News

As a testament to the Kingdom's focus on the growth and development of foundational infrastructure to support game creators and audiences, NEOM is establishing an integrated campus for interactive entertainment. This campus will include development studios and offer various business incentives, such as incubators and accelerators, to nurture the next generation

of gaming enterprises². A partnership with media giant MBC Group has been formed to launch the region's first AAA game studio³, which will become a cornerstone of the NEOM Media Hub for the development of high-production-value games for local, regional, and international gamers.

1. <https://www.arabnews.com/node/2445211/business-economy>
 2. <https://www.neom.com/en-us/our-business/sectors/media/gaming>
 3. <https://www.neom.com/en-us/newsroom/neom-mbc-joint-venture>

Funding and Financing

Given the focus on nurturing the gaming and esports sector, Saudi Arabia has been offering substantial support to foster its expansion. This includes a mix of non-repayable support mechanisms designed to enhance esports team development and invest in emerging gaming enterprises poised for growth. The aim is to lay a strong foundation for stakeholders within this sector to establish a presence in KSA and create attractive investment opportunities.

The advancement and proliferation of esports teams are principally encouraged through non-repayable support, such as government grants and prize allocations. The Saudi Esports Federation (SEF) manages the disbursement of this assistance through three main funds: the Kick-off Fund, which promotes the establishment of new KSA esports cup tournaments; the Performance Fund (SEL), which rewards esports teams for their achievements in championships; and the Maturity Fund, which aids established KSA esports clubs in setting up local headquarters and competing internationally. The Gamers8 tournament, held from July to August 2023, saw global esports teams compete for a total prize pool of USD 45 million across 15 gaming contests. Looking forward, Gamers8 is set to evolve into the Esports World Cup, aiming to offer the most substantial prize pool in the history of esports¹.

Currently, KSA is also making direct efforts to acquire prospective game developers. For example, Savvy

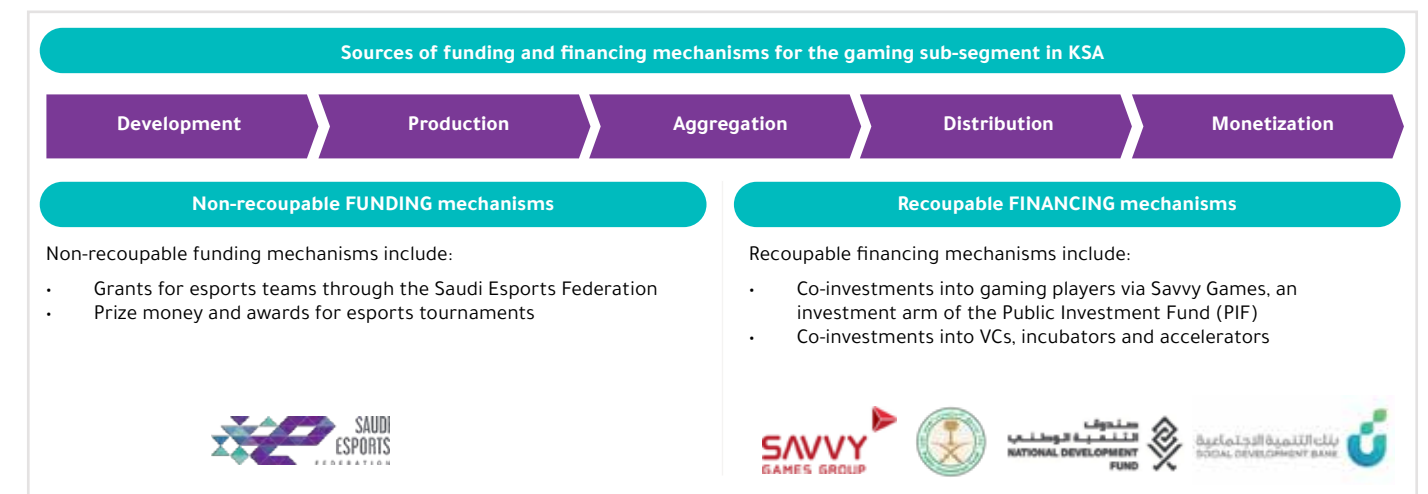
Games, the investment branch of the Saudi Public Investment Fund (PIF) in gaming and esports, manages a substantial fund of USD 38 billion (SAR 142 billion)². Although it operates differently from traditional public investment avenues, Savvy Games Group actively allocates resources to prime candidates within the gaming value chain. This includes leading game developers and emerging gaming/esports enterprises, aimed at diversifying and enhancing PIF's investment portfolio³.

In March 2024, the National Development Fund (NDF) and the Social Development Bank (SDB) initiated two venture capital (VC) funds totaling USD 120 million (SAR 450 million). These VCs are designed to function as incubators and accelerators, identifying and supporting promising early-stage gaming companies⁴. As private equity (PE) and VC funds navigate global market uncertainties in search of new growth avenues, KSA's gaming sector presents lucrative co-investment opportunities for discerning investors.



Investor opportunity

As private equity (PE) and VC funds navigate through global market uncertainties in search of new growth avenues, KSA's gaming sector presents lucrative co-investment opportunities for discerning investors.



KSA's commitment to Gaming segment is reflected by availability of non-recoupable and recoupable sources of funding for companies setting up and operating in the Kingdom. Source: Arthur D. Little

1. GAMERS8 2023 Season
 2. What is Savvy Games Group and how is it trying to change Saudi Arabia's image?
 3. Saudi Arabia sets aside \$13 billion to acquire a major publisher
 4. Saudi Arabia's gaming sector gets \$488m funding to boost talent and development

Technology

Saudi Arabia has leveraged advanced technologies to propel its gaming sector, focusing on 5G, artificial intelligence (AI), and cloud computing. With one of the world's highest rates of internet and mobile internet usage, the Kingdom has developed a robust 5G network infrastructure.

This technological advancement has revolutionized the esports industry, virtually eliminated game lag and enabled seamless gameplay across various locations. Over a quarter of mobile subscribers in Saudi Arabia have already adopted 5G¹, supported by local telecommunications companies such as the Saudi Telecom Company (stc), Mobily, and Zain. These providers have introduced specialized 5G gaming packages and cloud gaming services, significantly expanding the 5G user base.

The widespread availability of broadband coverage in KSA has paved the way for advancements in cloud computing and the development of data storage facilities. With comprehensive internet access across the Kingdom, cloud gaming is set to reduce the need for advanced PC graphics capabilities through edge processing.

Telecom giants Zain and the stc Group have formed alliances with cloud service providers Radian Arc and Nvidia in 2022 and 2023, respectively, facilitating gaming experiences that transcend device limitations. KSA's investment in data center infrastructure aims to localize the storage of in-demand gaming content, achieving latency rates 3-4 times lower than those observed with European servers².

The increasing demand for data storage facilities, driven by diverse applications including gaming, presents substantial investment opportunities. These developments capitalize on KSA's robust internet infrastructure and offer scalability for cloud service offerings to adjacent markets within the GCC region.



The potential for AI in gaming is vast, aiding developers in streamlining the creation of intricate game scenes and adjusting game difficulties in real time through reinforcement learning. AI enhances the gaming experience by calibrating challenges based on player performance. It has also found innovative applications in esports, such as at the 2022 Gamers8 tournament in KSA, where generative AI was used to quickly produce content summaries in both English and Arabic. This technology streamlined content delivery and seamlessly integrated advertising within the gaming context, demonstrating AI's dynamic potential in transforming interactive entertainment.



The increasing demand for data storage facilities, driven by diverse applications including gaming, presents substantial investment opportunities.

Technology

Talent development and capability enhancement are crucial for advancing the gaming industry. In line with KSA's economic growth plans and the Saudization initiative, the Kingdom has allocated substantial resources to education to strengthen its talent pool in gaming development and esports management.

There are numerous opportunities for experts in these fields to contribute to KSA through knowledge exchange and skill-building initiatives.

1. 5G Ignites Industry Transformation in Saudi Arabia
2. Game Mode Report Quarter 2 - 2023

As a cornerstone of the \$1.1 billion "Ignite" initiative designed to elevate KSA's digital entertainment and media sector, a digital media academy featuring a comprehensive gaming curriculum will be established to train aspiring professionals. This ambitious project aims to attract foreign investments in gaming and esports and plans to launch a gaming-focused educational program through the Saudi Digital Academy. This includes financing schemes for the sector and support to nurture startups, thereby incubating and accelerating the growth of innovative enterprises in the industry¹.

KSA is dedicated to fostering specialized educational institutions like gaming academies and research centers. The Saudi Esports Academy², an e-learning platform initiated by SEF, provides graduate and diploma-level courses on various esports disciplines, such as management and competition oversight, through partnerships with technology entities GGTech and Gen.G Global Academy. In line with the National Gaming & Esports Strategy, the Kingdom aims to establish research centers of excellence to spearhead education and talent attraction in these fields. These centers will engage in pioneering research, lead collaborative efforts, and conduct thorough analyses within the esports and gaming landscapes.

As interest in careers within these industries grows among Saudis, there are significant opportunities for partnerships with educational providers specializing in game design, programming, and esports management. Despite the offerings in coding and game design by premier universities like KAU, KAUST, and KSU, there remains a void in dedicated gaming education and professional certification within the Kingdom. This gap presents an opportunity for established institutions with expertise in these areas to collaborate with KSA's esteemed universities on joint-degree programs, curriculum innovation, and research exchanges.

As these initiatives gain momentum, there could be consideration for the establishment of satellite campuses to solidify a presence in KSA's gaming and esports landscapes, leveraging the local talent pool to enhance their global stature.



Investor opportunity

Despite the availability of coding and game design programs at premier universities in KSA, the lack of dedicated gaming education and professional certification presents an opportunity for established institutions with expertise in these areas



Officials during the launch of Ignite. Source: LEAP

1. Saudi Arabia's strategic shift into the gaming industry
2. Saudi Esports Academy reaches "milestone" with first batch of graduates

Collaboration and Partnership

The gaming sector in Saudi Arabia showcases significant strategic collaborations between domestic entities and major global industry players. These partnerships extend beyond commercial endeavors in the private sector, focusing on talent development and infrastructure enhancement as key areas of joint effort.

For instance, The Sandbox and Sandsoft, two prominent gaming companies, have established a strategic alliance¹ to attract expertise to the local video game industry. Such collaborations are increasingly sought after for their substantial benefits in developing local talent. These efforts are expected to generate significant returns on investment over time for entities seeking to establish meaningful connections within the Kingdom's dynamic gaming sector.

Regarding event organization, the Saudi Esports Federation (SEF) in KSA has initiated successful collaborations with esports federations from the UK and Japan, focusing on hosting joint tournaments to elevate the profile of esports and promote its growth internationally².

Infrastructure collaborations are crucial in accelerating the construction of esports arenas and related facilities, providing investors with opportunities to contribute their expertise and leverage economies of scale within KSA's interactive entertainment market. Aligned with Qiddiya's vision to create a global entertainment destination, plans have been unveiled for a futuristic

and technologically advanced gaming and esports district³ designed by Populous.

This district will house four dedicated esports venues capable of hosting up to 25 esports teams simultaneously and attracting up to 10 million visits annually. It will incorporate cutting-edge technologies to deliver a highly immersive experience for gamers and spectators.

As the focus and popularity of gaming continue to rise, gaming events have evolved into platforms for diverse media collaborations. These models offer valuable insights for foreign gaming and infrastructure developers, indicating numerous opportunities to design gatherings that appeal to a wide spectrum of demographics and interests.



Source: Saudi Esports Federation/Japanese Esports Union

Collaborations & partnerships in KSA gaming sub-segment



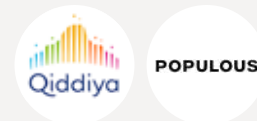
Talent Development

The Sandbox and Sandsoft have partnered on talent development and attraction in the local video games sector. The collaboration aims to build a team of Web³ gaming experts to create partnerships with local public and private industry actors, and to empower local creative talent by educating and onboarding developers and artists into its ecosystem.



Talent Development

The Saudi Esports Federation (SEF) has partnered with the British Esports Association and the Japanese Esports Union (JeSU) to drive talent development and foster growth in the esports industry across their respective countries.



Infrastructure Partnerships

Following the partnership between Qiddiya and the Esports World Cup to establish the city as the planned entertainment hub, the giga-project has teamed up with the global design firm Populous to launch an esports and gaming district in the city. This initiative is part of the sector-building efforts.

Saudi gaming segment players have leveraged regional and international partnerships to grow the sector. Source: Arthur D. Little

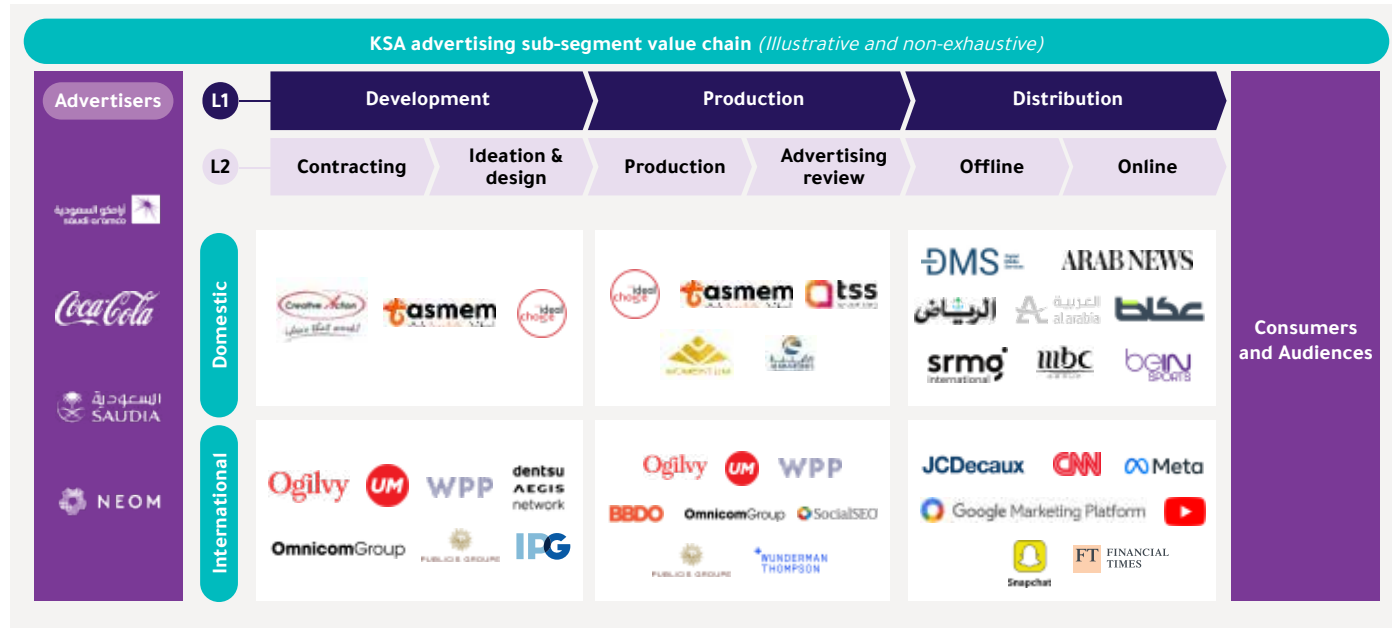
- <https://sandsoft.com/blog/the-sandbox-expands-to-saudi-arabia-through-a-partnership-with-sandsoft/>
- <https://britishesports.org/the-hub/press-releases/saudi-esports-agreement/>; <https://www.eyefriyadh.com/news/details/saudi-esports-federation-and-japan-esports-union-finalize-new-human-resources-development-partnership>
- <https://qiddiya.com/press-room/qiddiya-unveils-world-s-first-gaming-and-esports-districts/>

Advertising Segment

Saudi Arabia's advertising sector has seen remarkable growth, evolving from traditional outlets to online platforms, driven by electronic media and increased smartphone usage. This shift enables advertisers to connect more effectively with audiences. The move towards online advertising has opened new avenues for expansion and creativity, leading businesses and marketers to adapt and utilize electronic platforms' capabilities and reach.

Key national objectives of the advertising segment:

1. Streamlining the regulatory framework and approval processes for entry requirements and to scale the localization of advertising firms
2. Facilitating the transition toward digital advertising through digital infrastructure development
3. Limiting revenue leakage in the advertising sector
4. Empowering individuals with essential digital skills and fluency
5. Fostering partnerships between global digital advertising platforms and local content creators



KSA's advertising sector draws advertising dollars from local and global players to target consumers in the Kingdom. Source: Arthur D. Little

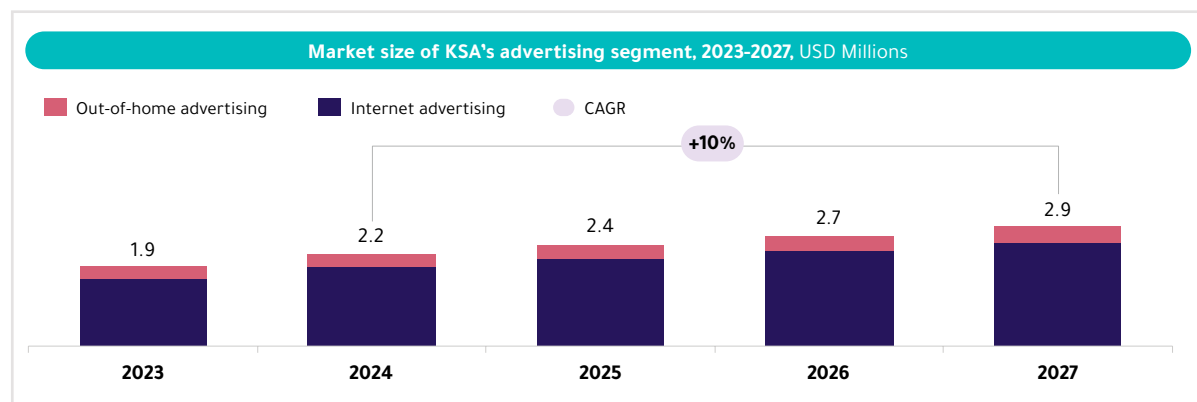
Market Size

By 2027, the advertising sector in Saudi Arabia is anticipated to achieve a CAGR of approximately 10%, elevating its total value to USD 2.9 billion (SAR 10.9 billion). This expansion is largely attributed to the surge in digital marketing, fueled by increasing degree of digital content consumption across media segments.

The COVID-19 pandemic initially led to a decline in the sector's value in 2020. However, it rebounded to pre-pandemic levels and resumed its growth trajectory, underscoring the resilience and adaptability of the market.

Online promotional activities are forecasted to witness a 11% CAGR, driven by widespread mobile internet usage in KSA and the increasing amount of time individuals spend on digital devices. Meanwhile, the growth of Out-of-home (OOH) advertising from 2024 to 2027 is projected at a 6% CAGR, particularly due to digital

OOH (DOOH) advertising gaining prominence. DOOH offers enhanced viewership in high-traffic areas and presents more dynamic content compared to its traditional counterparts.



Key Players

The advertising sector landscape is dominated by substantial, multi-channel creative agencies equipped to navigate the diverse needs of advertisers across industries. Key brands include global creative agencies operating in Saudi Arabia such as Memac Ogilvy, UM, BPG Group (WPP), OMD (Omnicom Group), Dentsu Aegis, and Publicis Groupe. These entities often maintain enduring partnerships with significant domestic corporations and state-owned enterprises, orchestrating comprehensive marketing campaigns.

Conversely, local advertisers, exemplified by TSS with its focus on events and outdoor promotions, and Tasmem Plus, dedicated to digital marketing, represent

the sector's specialized niche. As Saudi Arabia increasingly diversifies its economy towards non-oil activities and scales new infrastructural projects and smart-city endeavors, the advertising sector will leverage a mix of both traditional and digital channels.

Global social media platforms, from giants like YouTube, Facebook, Twitter, and Instagram to traditional entities such as Arab News, television networks within the MBC Group, and outdoor advertising specialists like Al Arabia and JCDecaux, will play a significant complementary role in supporting the Kingdom's economic diversification towards consumer-facing industries.

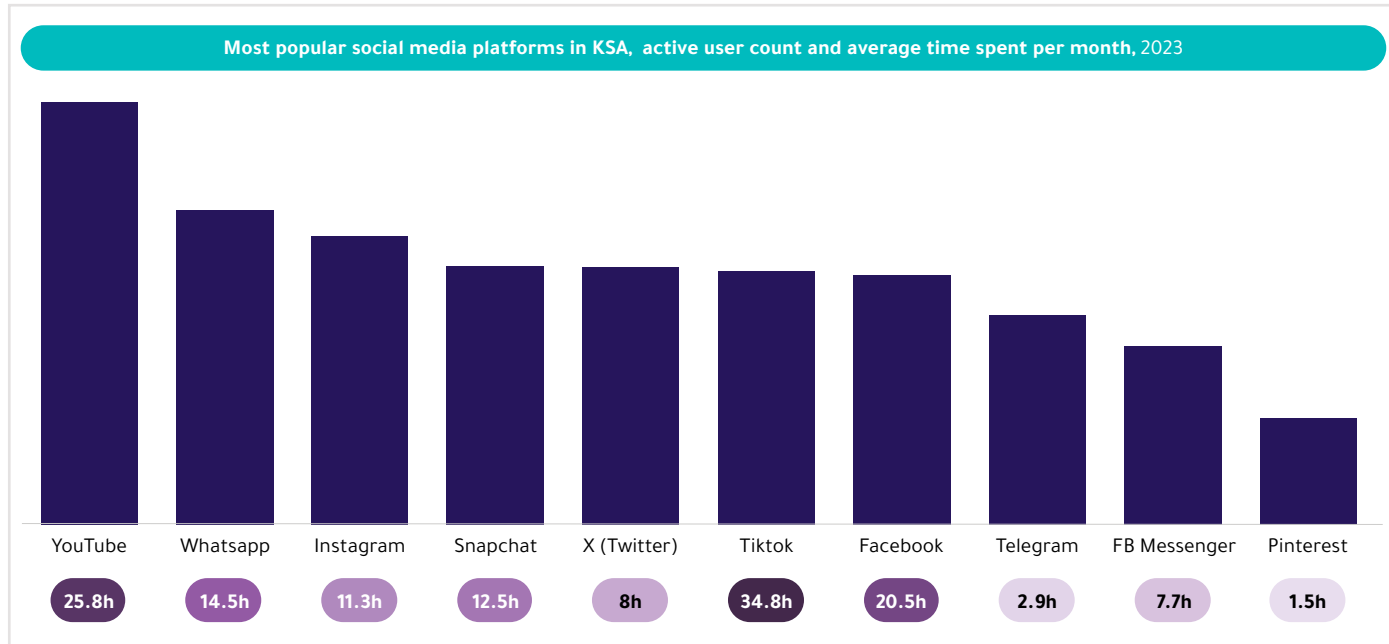
Consumer Behavior

The consumer market in the Kingdom of Saudi Arabia is distinguished by extensive use of digital platforms, targeted marketing strategies based on gender, expanded reach through online channels, and relatively lower promotional expenditure per user compared to leading global markets. As the national economy advances, digital channels are set to further overshadow traditional advertising avenues. For most young Saudis, these platforms serve as the primary means of obtaining information, indicating a significant target for promotional budgets.

Individuals in KSA are avid users of online platforms, dedicating an average of 7 hours daily to internet activities¹, particularly to maintain social connections, leisure, and shopping. Among various platforms, video services command the most attention, with users dedicating roughly 35 hours monthly to TikTok and 26 hours to YouTube. An increasing trend shows Saudis turning to these platforms not just for entertainment but also as vital sources for discovering and evaluating products, thereby influencing their purchase decisions. Given the varied interests, consumption habits, and content preferences across each platform, it's crucial for marketers to devise customized engagement strategies. For example, an integrated campaign that utilizes short video ads on YouTube, Facebook, and TikTok, alongside posts on Instagram, Snapchat, and Twitter, could be more effective than focusing on a single channel².



1. Saudi Arabia Social Media Statistics 2024
2. Digital 2023: Saudi Arabia



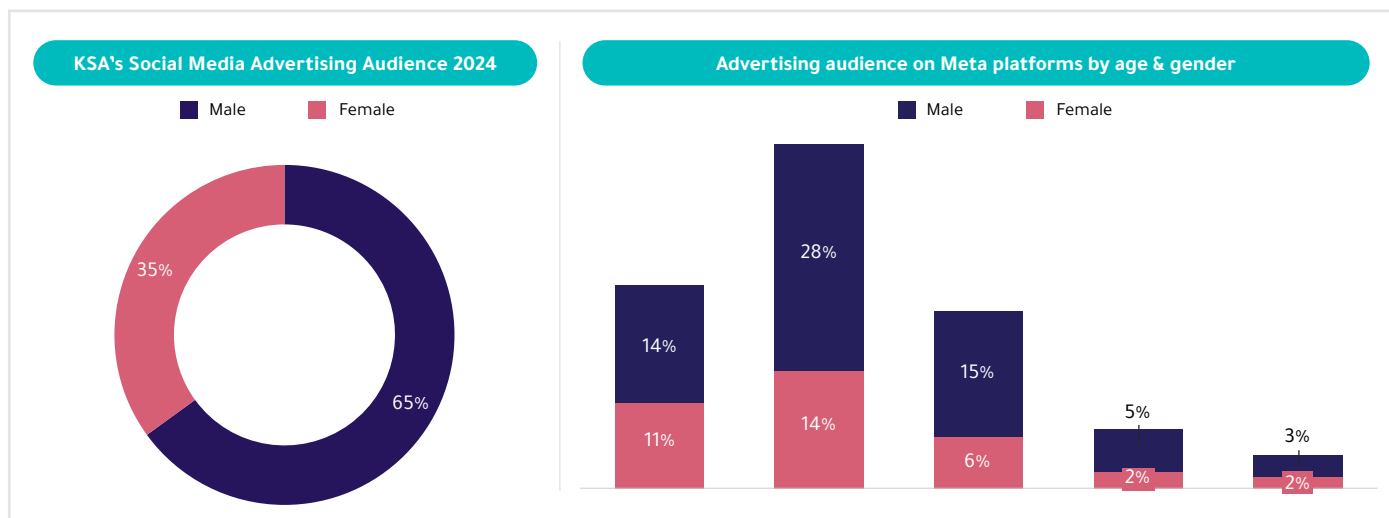
YouTube is by far the most popular social media platform in KSA. Source: Data Reportal, Global Media Insight

The online advertising landscape in Saudi Arabia focuses on specific gender and age groups. Digital marketing efforts predominantly cater to males, with data from Meta platforms (including Facebook, Instagram, and Facebook Messenger) showing that 65% of campaigns target this demographic. This approach stems from traditional patterns where males typically had more autonomy over household expenditures¹.

However, individuals aged 18-34 constitute the primary audience for these online promotional cam-

paigns. Given the growing presence of young females on digital platforms, there is a notable opportunity for marketers to diversify their strategies by targeting this demographic. As young women in Saudi Arabia become increasingly active online, gain economic independence, and decision-making power, their purchasing behaviors cannot be overlooked.

Incorporating a gender-balanced approach to online advertising can help brands stay relevant and connect with the evolving consumer landscape in Saudi Arabia.

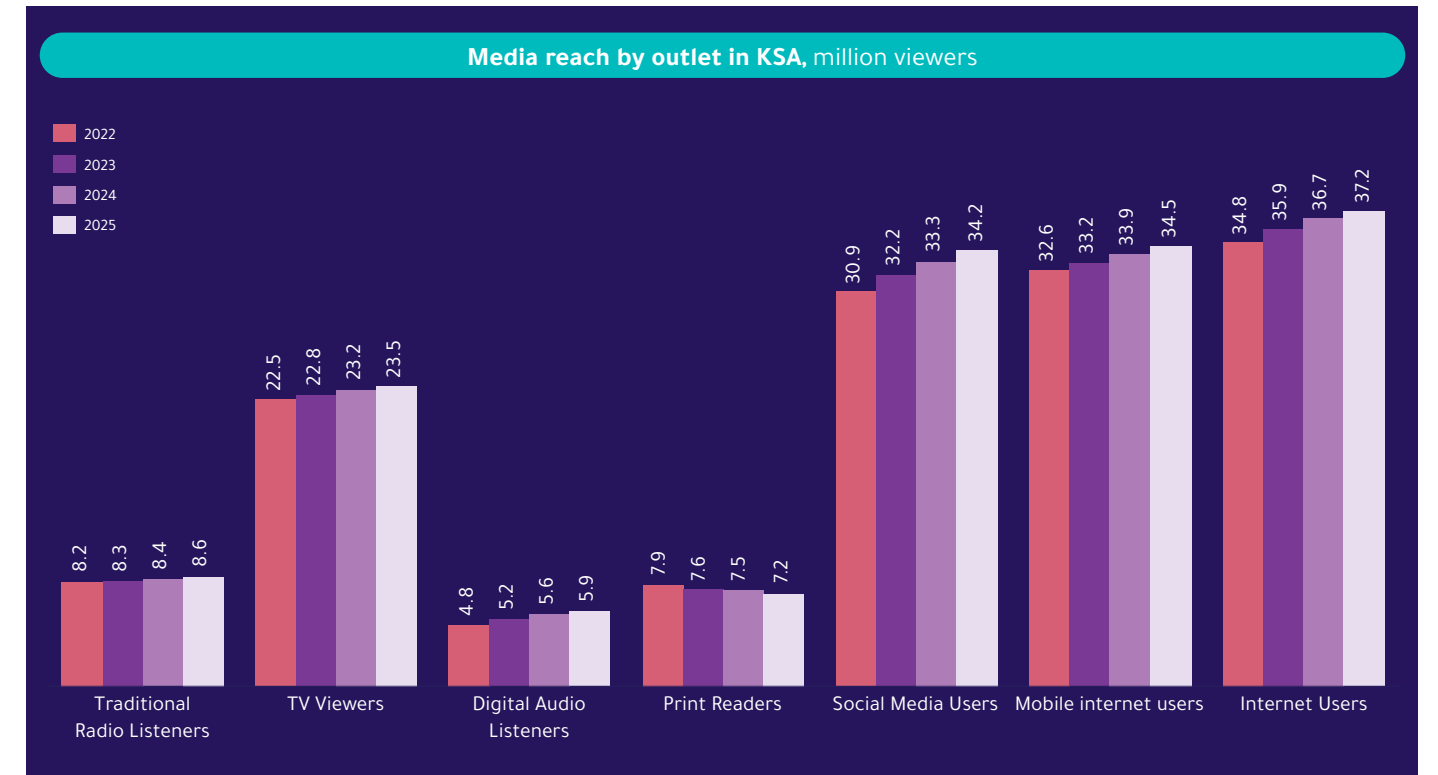


Gender and age trends of social media users dictates advertising spend in KSA. Source: Global Media Insight, Statista

1. Saudi Arabia Social Media Statistics 2024

The widespread use of smartphones in KSA has significantly expanded the reach of online platforms compared to conventional media channels. Consumer trends indicate a continued increase in the popularity of online channels. Advertisements on the internet, mobile devices, and social networks achieve the most extensive coverage, encompassing nearly the entire population of KSA¹.

While television advertising is also on the rise, it does not match the rapid growth seen in online platforms. Radio listenership is experiencing a modest increase, mainly due to individuals tuning in during commutes. However, digital streaming services for music and podcasts are gaining traction more quickly than traditional radio broadcasts. The only area witnessing a downturn is print media.



Digital media platforms have a significantly higher reach in Saudi Arabia than traditional ones. Source: Communications, Space and Technology Commission

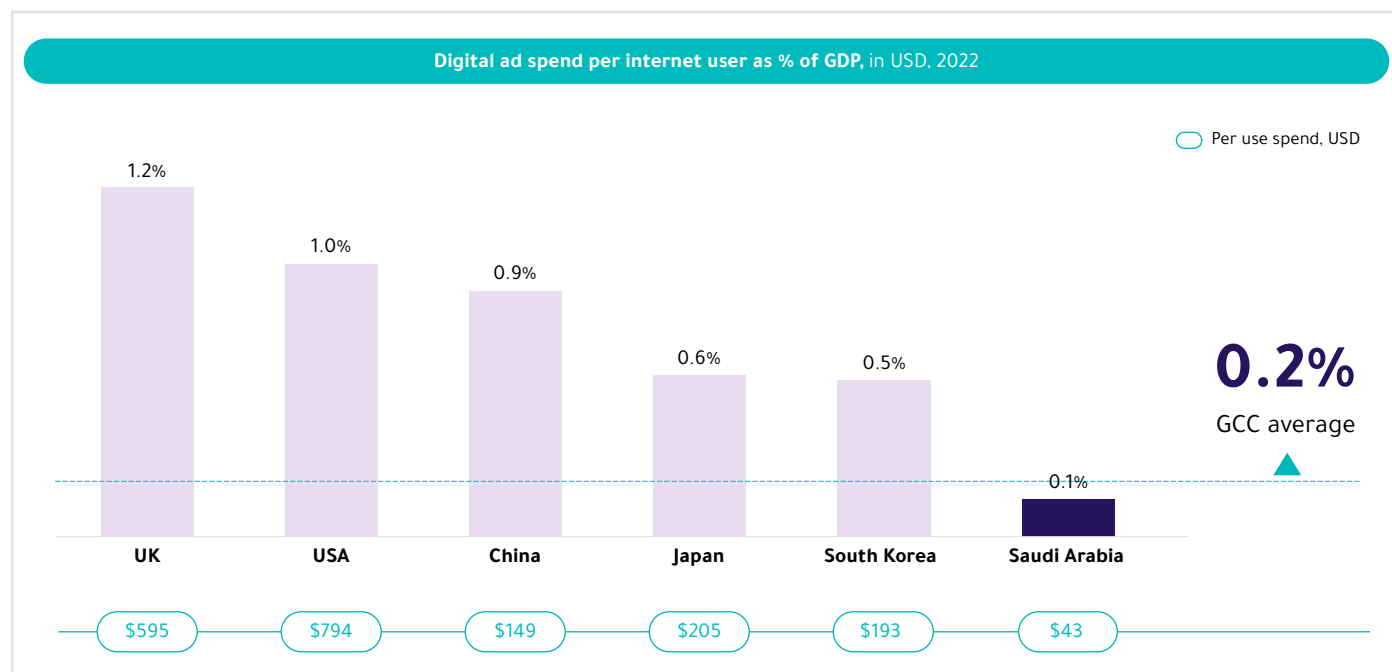
Despite the extensive reach of online platforms, investment in digital advertising per user in Saudi Arabia remains significantly lower compared to other leading economies and neighboring MENA countries. Saudi Arabia's digital ad spend, both as a percentage of GDP² and average cost per click on Google and YouTube³, is much lower.

The MENA region's digital advertising landscape is dominated by global players such as Google and Facebook, which lead in search and social media advertising. Meanwhile, smaller entities active in traditional media,

over-the-top (OTT) services, AdTech, and e-commerce are dispersed throughout the sector value chain. The absence of a sizeable domestic competitor results in lower ad costs, exacerbating issues such as revenue losses, price wars, and ad surplus.

The deviation from conventional pricing models, such as ad cards, fosters a highly competitive market with lower prices. This scenario presents a substantial opportunity for advertisers to leverage cost-effective ad placements and for ad providers to augment their revenues.

1. Saudi Internet 2022
 2. World Bank
 3. YouTube CPM Rates by Country in 2024



Digital ad spend in Saudi Arabia is lower compared to other economies. Source: World Bank

Key Enablers

Regulatory Framework

The regulatory framework for the advertising sector in Saudi Arabia has been pivotal in enabling growth and innovation. It has streamlined previously cumbersome approval processes and encouraged the establishment of both international and domestic firms through simplified entry requirements.

The licensing system focuses on the formation of ad-

vertising agencies and marketing offices, authorizing promotional content for cinema screenings, and granting permissions for the dissemination of advertising material on individual social media accounts.

A list of licenses and registrations related to the advertising segment can be found in the Appendix.

Infrastructure

Saudi Arabia is focusing on key areas and initiatives to strengthen the supporting infrastructure necessary to enable the advertising sector to aid the diversification of the national economy and spur discretionary consumption.

The efforts are led by public sector companies that are partnering with private players to activate the direct and indirect foundational aspects of a world-class advertising sector. For example, in advanced media markets, multinational measurement firms like Nielsen and Comscore provide comprehensive multi-channel viewership data essential for market research, media valuation, and audience ratings verification. Such information and data are critical to advertisers in order to target consumers and channels. To this end, the Saudi Media Rating Company (MRC)¹ - that measures television viewership in the Kingdom, has launched a collaboration² with Nielsen Saudi Arabia that will provide the technology and innovative measurement approaches for a multi-channel viewership system collecting data across more than 2,200 domestic households, 150 collective channels, spanning 24 cities in Saudi Arabia so that precise insights into the size and demographics audiences and their content engagement are available. In addition to these advancements, MRC is focused on further advancing the measurement infrastructure in Saudi Arabia, and it is conducting a pilot with Nielsen

for mapping household's smart devices and using WiFi networks used to consume content for collecting measurement data. As the measurement infrastructure develops and larger and more accurate consumer data are collected, the advertising sector will have a significant opportunity to improve the ability to reach consumers and increase conversions.

On the current out-of-home (OOH) front, Saudi Arabia has partnered with private entities to launch new advertising formats outdoors, supplementing its current OOH marketing space³. For example, Riyadh city announced a city-level advertising masterplan, partnering with Remat Al-Riyadh Development Company to open new OOH advertising spaces on building fronts, along major roads and public transportation, complementing existing OOH billboards and digital ad boxes. Such initiatives offers interesting opportunities to advertisers for targeting and placement, especially in light the significant societal and market shifts currently underway.



Investor opportunity

There is a need to develop the domestic creative agency sector, particularly by providing funding and financing to small and medium-sized enterprises for advertising inventory.

Funding and Financing

While the growth of the advertising sector has traditionally been funded by advertisers, much of the ad revenue in Saudi Arabia goes to larger multi-channel players who have established long-term retainer partnerships with key accounts.

The \$1.1 billion IGNITE initiative aims to nurture KSA's digital advertising market. This includes funding to develop a Saudi digital advertising champion, serving as a one-stop advertising aggregation platform to retain ad value within Saudi Arabia.

In terms of financing, the Saudi Venture Capital Company (SVC), a government-backed VC established in 2018 by Monsha'at (General Authority for Small and Medium Enterprises), has invested roughly \$700 million in early-stage Saudi startups, including those in the advertising and marketing sector.



1. <https://mrcaudi.com/about/>
 2. Media Rating Company to roll out TV audience measurement with Nielsen in Saudi Arabia
 3. Riyadh launches new ad opportunities on buildings, taxis and buses

Technology

Artificial intelligence in advertising is currently at an early stage of development. Globally, several applications are beginning to show the potential of leveraging AI in the advertising technology sector. This includes using machine learning algorithms for personalized advertising suggestions and user engagement analysis, deploying generative AI for cross-platform promotional content, and developing ads with language or cultural nuances specific to local audiences using regionally focused AI.

These technological advances present significant opportunities for investors to introduce groundbreaking applications and concepts into the KSA market, particularly those designed with Saudi consumers in mind.



Investor opportunity

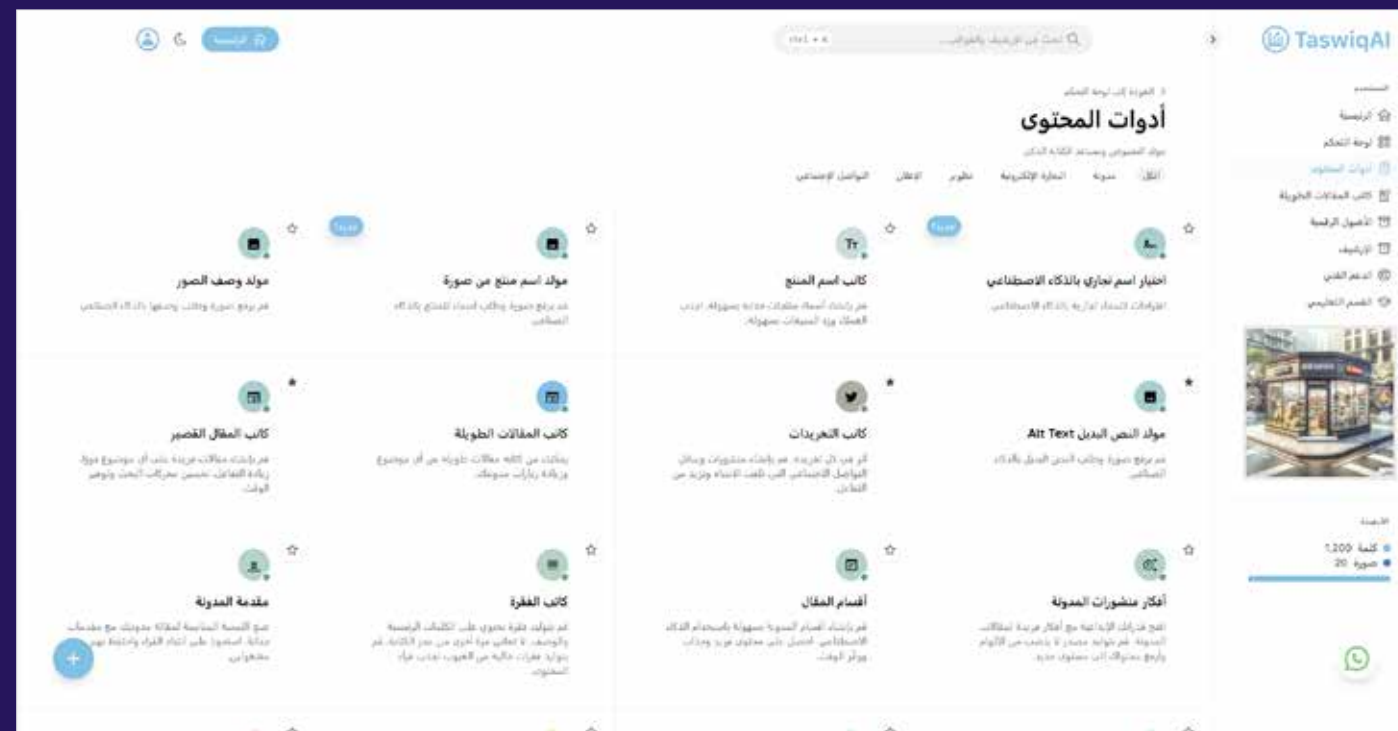
Technological advancements offer substantial opportunities for investors to introduce innovative applications and concepts into the KSA market, especially those tailored to Saudi consumers.

In Saudi Arabia, tech startups are increasingly venturing into the ad-tech domain to develop AI-powered solutions for local retailers and e-commerce entities. For example, Taswiq.ai, a Saudi AI-driven SaaS platform, enhances promotional strategies by automating a business's advertising efforts.

By analyzing an online store's inventory via its URL, Taswiq.ai uses generative AI to create tailored marketing content that aligns with the store's unique branding

and message across various channels. Leveraging technology similar to ChatGPT, this platform can devise a comprehensive marketing strategy, schedule content across multiple platforms, optimize for search engines, and manage social media engagements independently.

Furthermore, Taswiq.ai facilitates influencer marketing by matching products with suitable influencers and predicting the impact of these partnerships.



Taswiq.ai's web user interface. Source: Taswiq.ai

Talent Development

Advertising talent development in Saudi Arabia has been strengthened through higher education programs and capacity-building efforts. To foster local expertise in advertising, the Communication Academy, under the Ministry of Media, was inaugurated in July 2023¹. This institution offers digital advertising courses designed to cultivate skilled professionals and enhance consultancy and research proficiencies.

Private institutions are also capitalizing on domestic potential. The Saudi Ad School, inaugurated in September 2023 as a sister institution to the Cairo Ad School, is the first Saudi vocational institute dedicated to advertising, offering specialized training in copywriting, production, planning, and marketing². The future for educational partnerships in the creative industry remains promising, driven by the expansion of Saudi Arabia's advertising sector.

International educational entities with top-tier creative programs have the opportunity to collaborate with local universities and academies, introducing best practices and facilitating student exchanges, thereby enhancing their own brand and market position. Additionally, the Saudization initiative has notably increased female participation in the workforce, particularly in creative and innovation-driven fields. This trend suggests a growing demand for educational programs tailored to prepare women for careers in the creative and advertising industries.

As part of efforts by the Ministry of Communications and Information Technology to advance the advertising sector, Saudi Arabia will offer executive media management courses aimed at cultivating a new wave of media leaders. These programs are designed to equip them with the necessary skills to guide local and Arab media organizations and refine their leadership capabilities within the media industry. Under the Ignite initiative, the KSA government will also facilitate skill development sessions in digital content production through "Tawasul+".

Collaboration and Partnerships

Partnerships between leading global digital advertising platforms and local content creators have played a significant role in expanding Saudi Arabia's creative industry. The advertising community in the Kingdom has actively organized events to foster collaborations and the exchange of innovative ideas, best practices, and the latest technological advancements.

The Athar Festival³, held in November 2023, became a landmark event for Saudi Arabia's creative industry, drawing over 1,000 marketing and creative professionals. This four-day festival featured more than 100 speakers, offered 12 workshops for creative professionals, and included a program specifically designed for women in the industry to support networking, partnership development, and knowledge exchange.

Furthermore, the Step Startup Festival 2023, renowned for spotlighting tech and startup innovations in Saudi Arabia, introduced a dedicated session on advertising technology within its digital segment. This session brought together over 20 digital and creative industry leaders, sharing insights on digital marketing strategies, online advertising channels, and customer engagement tactics, with a focus on experts and influencers.



1. Saudi Arabia launches comms academy to enhance advertising sector
 2. New ad school comes to Saudi
 3. <https://www.zawya.com/en/press-release/events-and-conferences/riyadh-set-to-host-athar-festival-the-kingdoms-largest-creative-marketing-extravaganza-phiz9xj>

Conclusion

The media sector in the Kingdom of Saudi Arabia is emerging as a promising field with significant growth potential for international media firms. The collaboration between government stakeholders and the private sector creates an attractive landscape for ambitious international investors eager to explore the dynamic changes underway.

Initially, overseas media entities have adopted a phased approach to entering the Saudi market, forming strategic alliances with local players and government bodies. These collaborations aim to integrate their innovative solutions with a nuanced understanding of the local market and its unique segments, thereby achieving gradual progress.

Currently, Saudi Arabia offers an ideal setting for more decisive and bold initiatives by international investors, encouraging them to establish a presence and launch their ventures within the thriving Saudi media landscape. As outlined in this report, the outlook for Saudi Arabia's media sector is exceptionally promising.

Those looking to engage with what is rapidly developing into one of the most dynamic media landscapes globally will find ample opportunities for success.

09

Appendix

Table 1: Licenses and registration for video segment¹

#	Conducting research and studies on audio-visual media	Activity Description	Category	Service Fee (in SAR)	Processing time
1	Photography Activity License	Conducting research and studies on audio-visual media, and on the impact of the media on the public in KSA	Licenses	30,000	(30) days
2	One hour photo shops	Practicing activities related to normal or color photography, developing films on paper, fabric, or the like	Licenses	1,000	Immediate
3	License to register audio and video recording channels and programs	One hour photo shops	Licenses	1,000	Immediate
4	Cinema films clearance and categorization	License to register audio and video recording channels and programs	Licenses	None	Immediate
5	Cinema films clearance and categorization (non-profit)	Clearance and categorization of cinema films according to the age, to be screened at cinema theaters	Clearance and Registration	2,000	(5) days
6	Cinema trailers	Clearance and categorization of non-profit films according to the age	Clearance and Registration	2,000	(5) days
7	Cinema posters	Clearance of cinema trailers, to be screened at cinema theaters	Clearance and Registration	N/A	(3) days
8	Visual content outside cinema theaters	Clearance of a cinema poster, to be placed at public spaces of cinema theaters	Clearance and Registration	N/A	(3) days
9	Clearance of public content	Clearance of a visual content, to be placed at public spaces of cinema theaters	Clearance and Registration	N/A	(3) days
10	Clearance of home films	Clearance of public content on platforms and TV shows	Clearance and Registration	2,000	(5) days
11	Clearance of home films	Clearance of home films as (DVD/ Blu-ray)	Clearance and Registration	2,000	(5) days
12	Terrestrial broadcast station license	Clearance of home films as (DVD/ Blu-ray)	Clearance and Registration	2,000	(5) days
13	License to distribute or import movies, videos and TV shows	License to operate a terrestrial broadcast station capable of providing audiovisual content, via radio waves, to broadcast television/radio service	Licenses	Determined after application submission	(14) days
14	VoIP Audiovisual Content Distribution Platform License	License to distribute cinema films or import films from outside KSA	Licenses	30,000	Immediate
15	Unscheduled audio or visual broadcast services license	License to operate a cable and television distribution platform and video broadcasting services	Licenses	50,000	(14) days
16	Licensing of scheduled linear broadcasting service	License for distribution of audiovisual content using the video-on-demand system	Licenses	2,000	Immediate
17	No-objection certificate (NOC) for establishing audio-visual training centers and institutes	License to transmit broadcasts at specific times, according to a schedule published through any media, including television stations with scheduled broadcasts, and other services with or without subscriptions	Licenses	2,000	(14) days
18	No objection certificate for conducting a TV or radio competition	NOC for this type of activity is not a replacement to the approvals of the competent authorities (Ministry of Education - Ministry of Culture - the authorities supervising educational institutes and centers in KSA)	NOC	2,000	Immediate
19	No-objection certificate to establish a cinema	Certificate granted for activities or services that require a no-objection certificate, in accordance with the controls it specifies	NOC	2,000	Immediate

1. General Authority of Media Regulation

Note: The mandate for the issuance and management of certain licenses has been transferred from Gmedia to the Film Commission, as per the latest directive

Table 2: Licenses and registration for audio segment¹

#	Activity Name	Activity Description	Category	Service Fee	Processing time
1	Audiovisual content production license	License to produce TV and radio programs, films, audiovisual media content, video games, cartoons, dubbing, subtitling, editing, graphs, and written texts for audiovisual media works	Licenses	(in SAR)	(14) days
2	Retail audiovisual content production license	License to sell and rent visual and/or audio content and it also applies to all electronic stores that practice this activity in the Kingdom	Licenses	2,000	Immediate
3	Clearance of audios	Clearance of audio media content	Clearance and Registration	2,000	(5) days
4	License to operate a production studio	License to provide audio-visual media services	Licenses	2,000	(14) days
5	License for radio broadcasting service	License to provide radio service, including the transmission of audio programs via any media	Licenses	2,000	(14) days
6	License for importing and distributing audiovisual media content	License to import, sell and distribute visual and/or audio content (Except for motion pictures, video and television programs), purchase of rights, redistribution and sale of utilities that provide the service of arcade games and all electronic stores practicing this activity	Licenses	Via terrestrial station (100,000) Via other Means (2000)	Immediate
7	No-objection certificate for establishing audio-visual training centers and institutes	No-objection Certificate for this type of activity is not a replacement to the approvals of the competent authorities (Ministry of Education - Ministry of Culture - the authorities supervising educational institutes and centers in the Kingdom)	NOC	20,000	Immediate
8	Unscheduled audio or visual broadcast services license	License for distribution of audiovisual content using the video-on-demand system	Licenses	2,000	Immediate
9	No objection certificate for conducting a TV or radio competition	Certificate granted by the Authority for some activities or services that require a no-objection certificate, in accordance with the controls it specifies	NOC	2,000	Immediate

1. General Authority of Media Regulation

Note: The mandate for the issuance and management of certain licenses has been transferred from Gmedia to the Music Commission, as per the latest directive

Table 3: Licenses and registration for publishing segment¹

#	Activity Name	Activity Description	Category	Service Fee	Processing time
1	Printing license	Automatic printing of words and images on paper, fabric, or the like.	Licenses	(in SAR)	(30) days
2	Retail license for books, magazines, newspapers, and teaching aids	To practice the activity of displaying, selling or renting newspapers, magazines, books and educational aids.	Licenses	2,000	(30) days
3	Publishing of paper books, dictionaries, atlases and maps (including import and production of written, illustrated or photographed intellectual objects)	This license enables beneficiaries to practice activities related to issuing, preparing and financing any written, scientific, cultural or artistic production for the purpose of circulation, as well as participating in book fairs.	Licenses	1,000	Immediate
4	License to publish newspapers and magazines	This license enables beneficiaries to practice activities related to issuing, preparing and financing any written, scientific, cultural or artistic production for the purpose of circulation, as well as participating in book fairs.	Licenses	2,000	(30) Days
5	Wholesale of books, magazines, newspapers and teaching aids (including: the import of written, illustrated or photographed intellectual production)	Marketing of all types of internal and external publications in various distribution points and participating in book fairs.	Licenses	2,000	Immediate
6	Electronic news agency activity	A website with a fixed address, that provides print, audio and visual press publishing services on the network, and allocates all or some of its pages to its subscribers, institutions and individuals, with specific monthly or annual financial fees, without non-subscribers being able to view the same pages that have been allocated to subscribers.	Licenses	2,000	(30) Days
7	Electronic magazine license	A website with a fixed address, which provides specialized press publishing services on the network that is issued periodically	Licenses	None	(30) Days
8	Licensing of copying and photocopying activities	Copying: The practice of photocopying documents. For commercial use. Photocopying: The practice of photocopying more than one copy for readable publications or images for circulation.	Licenses	None	Immediate
9	Electronic publishing house license	Responsible for issuing any scientific, cultural or artistic production in an electronic form for the purpose of circulation.	Licenses	1,000	(30) Days
10	Electronic press activity	A website with a fixed address, providing press publishing services on the network (sites that publish news, reports, investigations, articles etc.) that are issued on regular or irregular dates.	Licenses	None	(30) Days
11	Activities of calligraphers and painters	Practicing activities related to writing calligraphy of all kinds, ordinary or neon, writing and manufacturing billboards and advertisements, and practicing drawing, displaying and selling artistic paintings in all their forms. The preparation of seals is subject to a special license for that from the Ministry.	Licenses	None	Immediate
12	Pre-printing services activities	Practicing the activity of color sorting or grading, designing, or producing materials prepared for printing.	Licenses	1,000	Immediate
13	Retail used books license	Practicing the activity of displaying, selling or renting used books.	Licenses	2,000	Immediate
14	Publication Issuance License	This service allows beneficiaries to obtain a publications license (magazines and newspapers)	Licenses	1,000	(30) Days
15	No-objection certificate for the issuance of a photography permit	A certificate granted by the Authority for some activities or services that require a no-objection certificate, in accordance with the controls it specifies.	NOC	None	Immediate

1. General Authority of Media Regulation

Note: The mandate for the issuance and management of certain licenses has been transferred from Gmedia to the Literature, Publishing & Translation Commission, as per the latest directive

Table 4: Licenses and registration for gaming segment¹

#	Activity Name	Activity Description	Category	Service Fee (in SAR)	Processing time
1	Conducting research and studies on audio-visual media	License to conduct audiovisual media research in KSA Saudi Arabia.	Licenses	30,000	(30) days
2	Age categorization of video games	Authorization for age categorization of video games	Clearance and Registration	N/A	(5) days
3	Video Games Clearance	Inspection of the video game contents to ensure the classification properness	Clearance and Registration	2,000	(14) days
4	Video games cover	Inspection of game cover and advertising material to ensure placing the logo of the proper age categorization	Clearance and Registration	N/A	(1) day
5	Categorization of video games trailers	Inspection of a non-categorized video game trailer, for screening in public spaces	Clearance and Registration	N/A	(1) day

1. General Authority of Media Regulation

Table 5: Licenses and registration for advertising segment¹

#	Activity Name	Activity Description	Category	Service Fee (in SAR)	Processing time
1	Audio-visual media advertising offices, marketing offices and advertising agencies	Practicing activities related to designing and executing commercial, written, illustrated, graphic and speaking advertisements, and issuing calendars, diaries, commercial and economic guides, service guides, gifts and the like., as well as the preparing and implementing marketing campaigns for goods, services, and advertising and marketing facilities that promote goods or services through audiovisual media. This includes: supervising customer social media accounts and similar services.	Licenses	2,000	Immediate
2	Clearance and categorization of commercial advertisements, to be screened at cinema theaters.	Clearance and categorization of commercial advertisements according to the age, to be screened at cinema theaters.	Clearance and Registration	2,000	(3) days
3	Licensing for individual submission of advertising content through social media platforms	This License allows Individuals to provide advertising content by via social media platforms through websites and electronic applications that can be accessible online through an account created on any platform, for the purpose of viewing, displaying, or broadcasting content. It and includes any disclosure or advertisement, such as: audiovisual, audio, visual, motion or still pictures, or any scripts associated with an account(s) owned by the licensee on such platforms in the Kingdom. An exception to license issuance is an individual's advertisement for its own product/service through its personal account..	Licenses	1500	(14) days
4	Broadcasting via mobile phone or other electronic means	Broadcasting via mobile phones or other electronic means (messages - news - advertisements - images ... Etc.) and broadcasting on the mobile phone short messages through (SMS) and (MMS) services and others, whether they are news, advertisements, images, or others.	Licenses	None	(30) Days

1. General Authority of Media Regulation

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