LEBANESE AMERICAN UNIVERSITY

RELATIONSHIP BETWEEN STRATEGIC PLANNING AND CORPORATE RESULTS

CASE: BROADCAST INDUSTRY IN THE MIDDLE EAST

By

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Case of the Broadcast Industry in the Middle East

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Abstract

The purpose of this research is to examine the relationship between strategic planning and corporate results in volatile environments such as the Middle East and in particular the broadcasting industry. Broadcasting is known for being affected by many exogenous factors such as political and economical.

We analyzed the major components of the strategic planning: Budget, Resources and Duration. We noticed a tight relationship between the strategic planning components and corporate results. The efficiency of the strategic planning would vary with the modification of these components. In addition to that we noticed a clear relationship between corporate results and channels typologies whereas major general entertainment channels are capturing the biggest share of the total advertising revenues.

The budget allocated to the strategic plan represents a share of the total revenues dedicated to the expenditures of the planning team. We divided the budget into sections to identify the part that would be more sensitive to the channels output. Resources allocated represent the number of employee working in the strategy unit. The total number will vary from one company to another. The duration of the strategic plan represent the period covered by this plan. It could vary from one to five years according to the main objectives of the company.

On the other hand, channels typologies represent the programming strategy of the channel. The focus was on channels with general entertainment as main programs versus channels with education as main content. We analyzed the effect of each of these components on the channels results that would include: share of audience, share of advertising revenues and reach.

Share of audience (SOA) would represent the number of Arabic viewers that are watching this channel. It is computed as a percentage from the total population.

Share of advertising revenues represents the shares that the channel is capturing from the total advertising spend in the broadcast industry. Finally, reach represents the transmission coverage of the channel.

The first part includes literature review on the strategic planning definitions, planning process, production of a strategic plan, formulating a plan and finally the strategic plan in volatile environment and its implementation in the broadcast industry. In the second part, we will test the relationship between the strategic planning components and channels results.

We noticed a strong correlation between the major components of the strategic plan, budget and resources, and the channels performance. In order to understand all the rationale behind this tight relationship, we divided the budget in three main components: Expenses, Payroll and Human Development Capital (HDC).

The expenses budget represents the general expenses of the planning team such as travel, accommodation, PR and other items. The payroll budget represents the total amount allocated to the number of employee. Such budget could vary on the expertise of the employee. Human development capital (HDC) budget includes all training, seminar and all other workshop that could develop the team's skills.

Expenses and payroll budget are most sensitive to the channels performance since the broadcast industry is very sensitive to the direct cost while the HDC cost is considered more as a long term investments. In addition to that we noticed a strong correlation between channels typologies, strategic planning and corporate performance.

This is mainly due to the fact that twenty channels capture eighty percent of the advertising revenues. Ninety percent of these channels are general entertainment channel which explain the strong relation between channels typology and corporate performance.

This strong relationship between channels typology and corporate results leads to consolidation. Major media group are taking over some niche channels in order to enrich their offering and market coverage.

Future studies should analyze the effect of these consolidations on the role of the media in this region of the world. Should it follow the viewers taste and focus mainly on general entertainment channel or should they focus as well on the education mission of all media companies. Major media group are focusing are focusing on the general entertainment programs giving a small time slot for the educational programs.

INTRODUCTION

This thesis is divided into two main parts:

The first part encloses the introduction and chapter I. In this first chapter I will extend on the meaning, the importance and the implication of a strategic plan, the integrated planning process. I will then review the implementation of the strategic planning in the broadcast industry and highlight its main components that could affect corporate results.

The second part includes chapter II in which we will review the impact of strategic planning on broadcast company's ratings, share of audience and revenues. Finally we will analyze key reasons behind the consolidation between broadcast companies in the region.

Strategic planning presence in major industries

It is well known that in life you cannot achieve a single thing without taking risks. This specially applies to business, all kind of businesses, whether small or large. Risk is an accredited and inescapable part of business. This implies that in order to have a successful enterprise, you should definitely have a risk management. When you have a team or members of your team that are taking care of the risk management part, you will definitely reduce any trouble, whether it is related to finance or to the human resources. Key example would be the launching of LBCSat, the first non-governmental channel, on satellite. A whole strategy team was behind this key decision (LBC Desk Research, 2008). When you are using a certain planning process, you will be putting, face to face, the possibilities of failure and success through the information gathered and the thinking done based on it. You will thus know how many risks your company will be facing while knowing exactly the percentage of failure that will arise from your decisions and actions. A failure can mean something that jeopardizes the workforce, an endeavor that will not realize the desired outcome, or anything not well thought-out to be carried out in a financially doable and wholly professional way. Once risks are recognized, the team that is responsible of this should supply you with alternatives to minimize the rise of any problem. They will build a plan that will include priorities as well as identify areas of risk. In fact, the idea of reducing or minimizing the risk is all about having a right judgment on a specific situation in your business, whether it is related to your customers or employees. Many ways can be used to make sure that a company has an appealing plan that will achieve a safe working environment. In general, when we're in a very large company, a team of one to three people are employed on-site for this purpose. But, it is common to seek the services of an outside consulting agency. The workforce in these agencies will be specialized in different fields, and you can thus acquire from them a risk assessment for your business. If you have a small enterprise, and your budget is tight, you can simply have one of your employees take training in risk assessment that will provide you with a certain level of protection (Harvard Business Review, November 2007). Risk management is therefore the greatest approach to guarantee the long-term success of your business and safety of your workplace. An attention to the risk will definitely inspire confidence in investors, customers and shareholders alike, and the payback of better safety and productivity will far outweigh the initial cost involved.

<u>Key benefits behind a strategic approach</u>

An efficient manager is definitely one who has the right strategic thinking. Strategic thinking has always existed, even though it was almost always intuitive. But, today's managers have more tools and more information to direct their mind in a strategic way and to study the position of their company from all angles. Today's world is changing at a very quick pace, the conditions never stay the same for too long, and this is why it is crucial to monitor constantly the company's external environment as well as the internal competencies closely enough to know when to amend a strategy. It is also a must that a manager controls and is aware of his business from all sides in order to be able to initiate the right strategic changes. With an appealing strategy, it's the whole management of your company that you will be saving. It is true that sometimes, two companies that are competitors follow the same strategy with success for one and failure for the other. What effectively makes the difference is the actual implementation of this strategy, the attention to detail and the restraint with which one build up and accomplish a strategy for the future.

Since the broadcast industry is evolving in a fast changing environment, strategic planning becomes a major tool of success. According to Eric Digest[1], "Many benefits of planning are patently obvious. An organization simply cannot know what it is doing and what it intend to do unless it periodically establishes and monitors its goals. Strategic planning enables people to influence the future. The very act of planning implies that schools are more than passive pawns in the hands of socioeconomic forces."

As said earlier, and contrary to an improvisation type of management, a strategically guided management has a lot of advantages, from which we can cite a few[2]:

1- It gives a more focused type of work to the employees of the whole company. Each person will have clear objectives and will know where is the organization going, and thus will work in a way to reach those fixed goals.
2- It provides the necessary tools to the managers so that they can stay alert and judge which action will represent a new and benefic opportunity, and which will threaten the company's development.
3- It helps making a perfect unity out of one company: everybody will be working to achieve the same objective.
4- It creates a more practical management attitude.
5- It encourages the rise of a business model that will always be growing to reach the minimum success fixed to be reached.
6- It provides the managers with foundations upon which they can evaluate the work of their team and therefore quantify the results given by the employees work.
7- It keeps pace with changing client needs, funding, and program priorities.

Having a clear strategy will improve the long term performance of the company. Not only this, it will also take the company to the leading rank among the competitors and will pave the way for its products and services to become the industry's standard.

[1] www.ericdigests.org
[2] www.entarga.com

Chapter I

REVIEW OF LITERATURE

Strategic planning offers a signal of hope to institutions and companies that are seeking right performacne (Patrick Below, 1987). In fact, it has existed for a long time, and it is even as old as society itself. As we enter the 21st century, it is now obvious that we are entering an era in which strategic planning occupies more and more space and gets an increasing importance in the development process of a company. Strategic planning became an effective unit in the broadcast companies in 2005 with the proliferation of Free-To-Air channels due to the increase in the total advertising market.

In fact, strategy is mainly about creating a clear positioning for a company in order for this company to have an advantage versus its competitors. Strategy helps also in deciding what to do and most importantly what not to do; for example, major broadcasting industries are waiting for the right moment to switch their business model from free-to-air channels to pay TV. Such issue is analyzed on a periodical basis by the strategy unit before giving its recommendation.

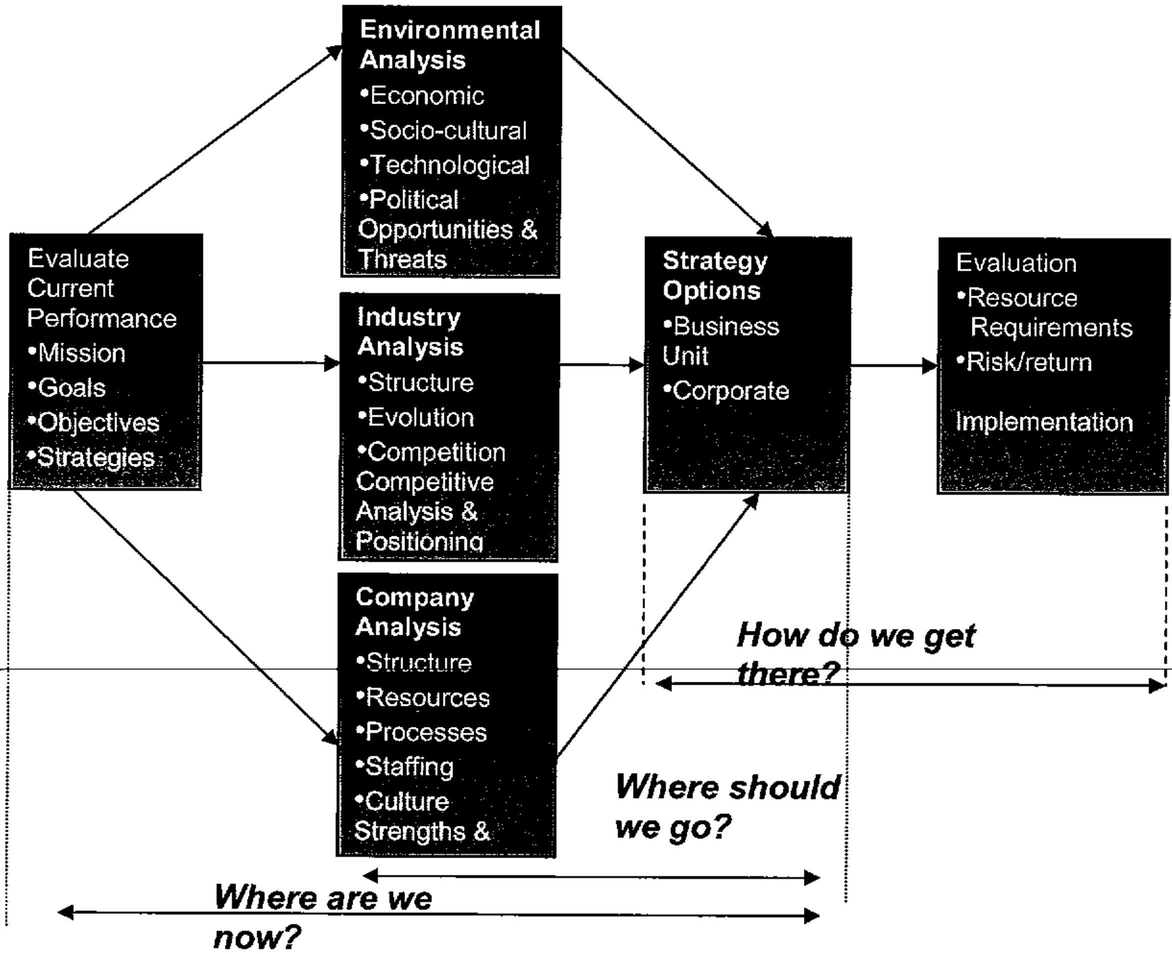
Strategy differs from Tactics. It forces trade-offs and should focus on differentiation from rivals. It focuses on creating value and allows a company to learn more about its competitors and thus to get used and be adapted to face them. Most importantly, strategy is here to examine and fix a long-term perspective and to answer the requirements of all stakeholders.

Strategy is about making choices and taking decisions that will influence the organization. It helps specifying who will the target be and who will not, what will you offer these customers and what will you not offer them, how will you do all this, what activities will you perform; which will you not, who, what, how; many questions for which the answers are a vital tool for the survival of the company on the long run.

Choosing is not enough anymore; you must force the things to happen just like you planned them. Trying to copy from the competitors is also not enough. A company should write its own rules instead of doing a copy/paste from the competitors.

"Companies that have risen to global leadership invariably began with ambitions that were out of all proportion with their resources and capabilities….." (Hamel and Prahalad, 1985). Out of these companies, we can cite for example Honda, Canon, Microsoft, McKinsey, NewsCorp and other major companies in different industries. It is also very important to have persons that are taking strong commands within the organization, and that are thus creating a clear view of the mission (purpose of the organization's existence), the vision (strategic goal and clear target), the strategic thinking (vision, but mostly creativity, analysis and synthesis) and the strategic thinking (focus on the analysis and communication).

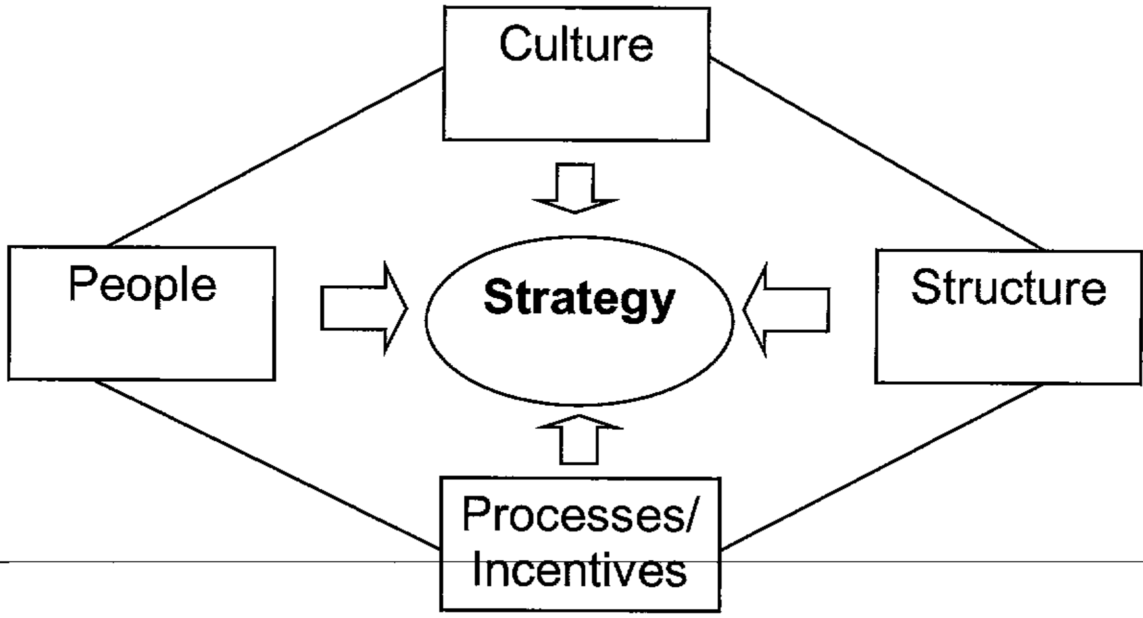
Figure 1: Structure of a clear process



Source: Strategy - A View from the Top (Prentice Hall - Cornelis A. Dekluyver- 2006)

Strategy could not be limited to the creation of a detailed plan that can be used on period that varies between 1 to 5 years. It should specially bring a spotlight to the long-term strategic objectives of the company and the flexibility needed to bring to life these objectives. It is not something that is pre-set, but a strategy that will constantly be revised according to every new external and internal factors that could arise. Strategy is not a simple planning exercise since the most important part is the consolidation and validation with key players within the organization such as the CEO and head of programming in the broadcast industries. In general, we have a contingency strategy plan as well as an intended strategy that can turn out to unrealized strategy, but some elements of these strategies along with a deliberate strategy will be combined to finally give us the strategy that was effectively realized (Cornelis A.Deklyver , 2006).

Figure 2: Strategic choices must be supported by organizational choices



Source: Strategy - a view from the top (Prentice Hall - John A.Pierce -2006)

To implement a strategic plan, a company should have the necessary infrastructure, the will to change, a focus on leadership and should definitely adapt the innovation to its structure. In 2005 and due to the increased competition, major broadcast industries created strategy units within their companies. The main objective of this department was to develop a 5 year plan that would ensure a dominant position for the company. Moreover these strategy units handle all the business development activities of their companies. They develop other distribution means that the satellite distribution such as on mobile or websites. In addition to that the strategy units develop and diversify the main source of revenues.

1. Strategic planning in the broadcast industries

«If you don't know where you are going, any road will take you there» is a statement attributed to the Holy Koran. Strategic planning fixes the direction towards which the organization should be working and towards which all the efforts should go. The CEO (Chief Executive Officer) or the key decision maker of a company has this task as a top priority in his job description, which gives him a huge responsibility regarding the end results of the organization. This is why it is a necessity to form a team that can assist the CEO in his job. The CEO and the planning team should work one unity and must agree on some important bases in order to bring the organization to a successful end. They all should agree on:

1- The approach to be followed.
2- The terminology that will be used.
3- The separation of strategic from operational planning, where strategic planning implies creative and directional thinking, and operational planning implies short-term and explicit thinking.

1.1 The strategic plan and its role in the broadcast industries

A strategic plan is a structure or an outline that includes the strategic thinking, path, and accomplishment leading to the accomplishment of reliable and intended outcome.

1.1.1 Elements of a strategic plan

This plan should be composed of specific elements such as[1]:

- The mission of the organization.
- The strategic analysis.
- The strategy.

[1]Exploring corporate strategy, Prentice Hall

- The long-term objectives.
- The integrated programs.
- The financial projections.
- The executive summary.

Even though all the above will make one consistent unity, each component is worked upon separately, to form at a later stage the most important management tool of the organization.

The strategic planning practice is thus the continuous participation of the working executives and managers to create the strategic plan of the company. It emphasizes on team planning and makes the team involved in the development of the company since they are constantly working on it. It is also this process that helps to guarantee the implementation of the plan.

In the broadcast industry, the strategic planning process including three major sections:

1- Five-year plan that is divided in three main sections:
    a. Market analysis presenting a benchmark of what competition is doing, evolution of the total advertising market in addition to the evolution of free-to –air channels. A deeper analysis is done on the typology analysis in addition to their respective business model.
    b. The second section would include a 5 year financial forecast taking into consideration the market evolution in addition to the management and shareholders goal.
    c. The third section would include an implementation action plan with a respective timeline.

    The strategic plan is usually developed for the next 5 years but a few exceptions exist where broadcast companies develop a 3 year. Such companies' main source of revenues would be government subvention and interactive revenues. All strategic plans are developed in the last quarter of the previous year.

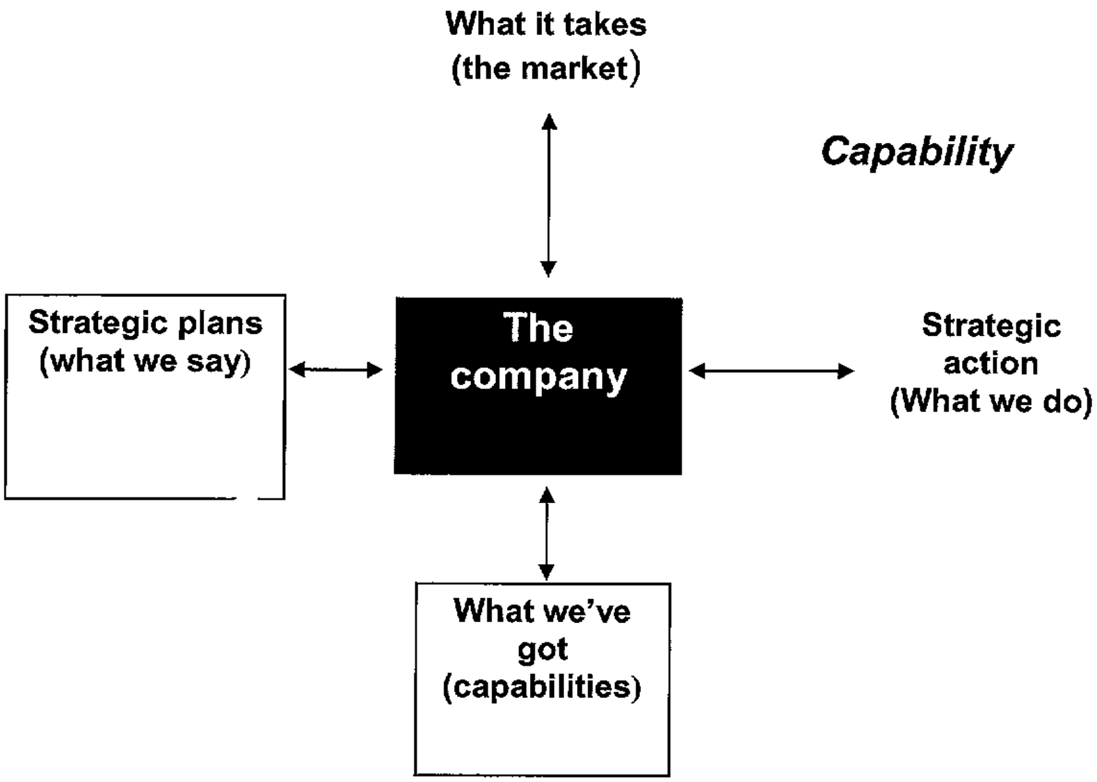
2- Annual plan: The annual plan would include the detailed implementation plan with a respective budget. The budget is based on the last 2 years financial performance in addition to the grid expansion plan. Grid cost represents 50% of the operating cost (LBC Desk research, 2007). Another important component would be the forecast of the channel share of audience that would affect directly the channel's net advertising revenues. Annual plan are developed in December of the previous year.

3- Quarter one (Q1) revised plan is developed at the end of March where the planning team will analyze the channel results in terms of net profit in addition to its share of audience.

1.1.2 The relation between planning and performance

The success behind an efficient strategy is in its implementation. Implementation is the responsibilities of the top management that are able resolve the arising conflicts, have the authority to make key decisions and to allocate resources that will push the things to happen. The challenge here is mainly to match the resources that are available with the objective that we need to accomplish in order to reach a successful business outcome.

Figure 3: Strategic alignment



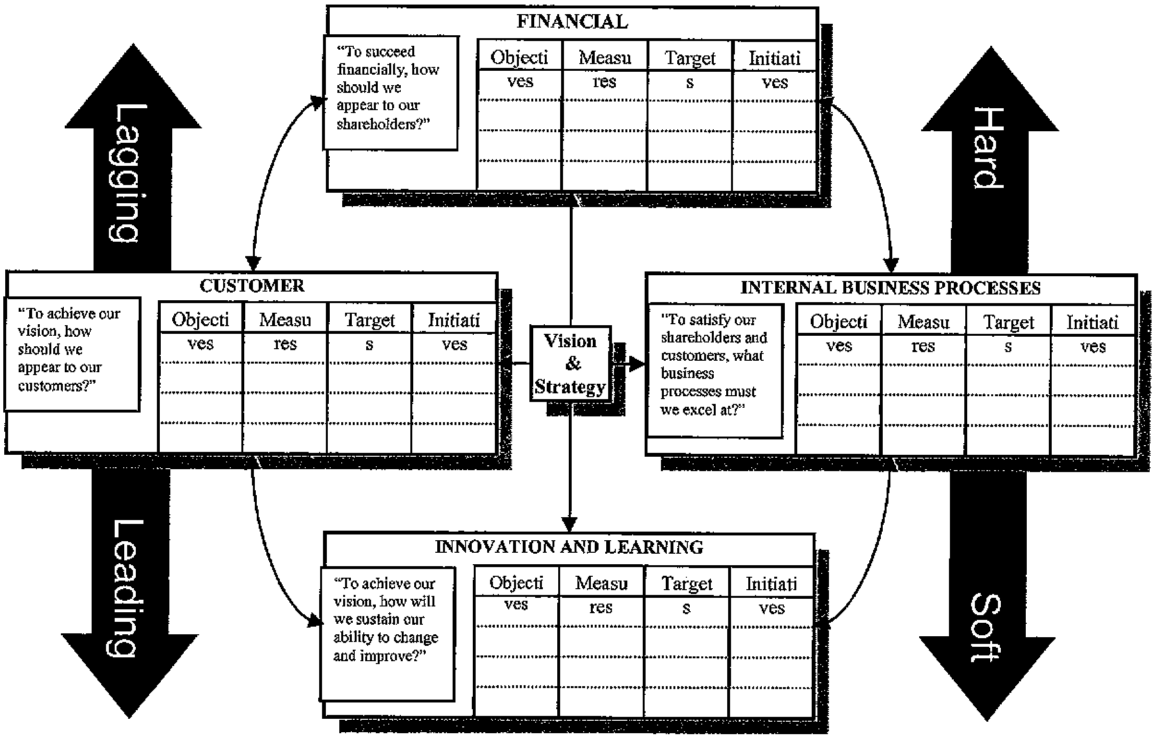
Source: Strategy - a view from the top (Prentice Hall – John A. Pearce -2006)

Given that we have a clear strategic objective, we should put into practice a new set of core competencies and a business model upon which the competitive advantage is based, and promote a corporate culture that will bring us to a successful implementation. The purpose along with the strategy and an appealing leadership will lead us to a right structure of the plan, a system and process within the organization that will lead us, with the help and the organization's culture of the working force to a right performance and a perfect control of the situation. In the broadcast industries every strategic plan is followed by a series of meeting where the CEO will set the main objectives in the next phase and set the major requirements and goals of each major division.

1.1.2.1 The balanced scorecard: Tool that links strategy to performance

The balanced scorecard is the number one measurement tool that evaluates the strategic management system. In these balanced scorecards, we are evaluating whether the mission and strategy are not known, actionable or understood, whether the strategy is not linked to departmental, team or individual objectives, and whether the strategy is not associated with the resource distribution.

Figure 4: The Balanced Scorecard



Source: Strategy - a view from the top (Prentice Hall – Cornelis A.Dekluyver - 2006)

It is true that financial measures are necessary, but they are not the only measuring tool that will help us. We should control the revenue growth rates to see and evaluate our evolution, on cost reduction and asset utilization and most importantly on the productivity and effectiveness of the project.

In broadcast companies the financial plan is a critical part as it includes many negotiations with external and internal players such as the MBU's, advertising agencies and other external factors. The major components will be the evolution and growth of the advertising revenues. Here a deep macro-economical study is done to analyze and highlight the driver behind the evolution of the advertising spend in the region. The most relevant method is to link and compare the evolution of the GDP per capita and the share of spend on advertising revenues. Currently the total spends on advertising from the total revenues represent 0.17% of the total GDP. Regional benchmark shows that it should reach 0.34% (LBC Desk Research, 2008). In addition to that a validation is done with major advertising sales representative.

After a validation of the expected total advertising revenues and all the other secondary revenues a budget is developed for the strategic unit. The budget usually varies between 5% and 10% based on the total revenues and the companies' objectives. The second chapter will analyze the effect of the strategic plan budget on the corporate results.

Other financial indicators would be the number of resources allocated to the strategic planning. Usually the number varies between 1 and 10 members. This driver will also be analyzed in the second chapter in order to see its effect on the corporate results as it represents a major component of the strategic plan.

The customer-based measures play also a very important role to achieve the organization's vision and see the way in which the company is perceived by the customers. Here, we can check the customer relationship and of course the image and the reputation and the organization have among its customers. The customer satisfaction will lead us to acquire more new customers and retain the existing ones in order to come up with customer profitability and therefore enlarge the market share of the company.

In the broadcast industry, customer satisfaction represent the major performance of the company as the customers' satisfaction will raise the total ratings hence increase the advertising revenues. Customer's satisfaction is measured by the channel's rating and its reach on the total Arabic viewers. Ratings, share of audience represent two major components of the corporate results that will be analyzed in chapter II.

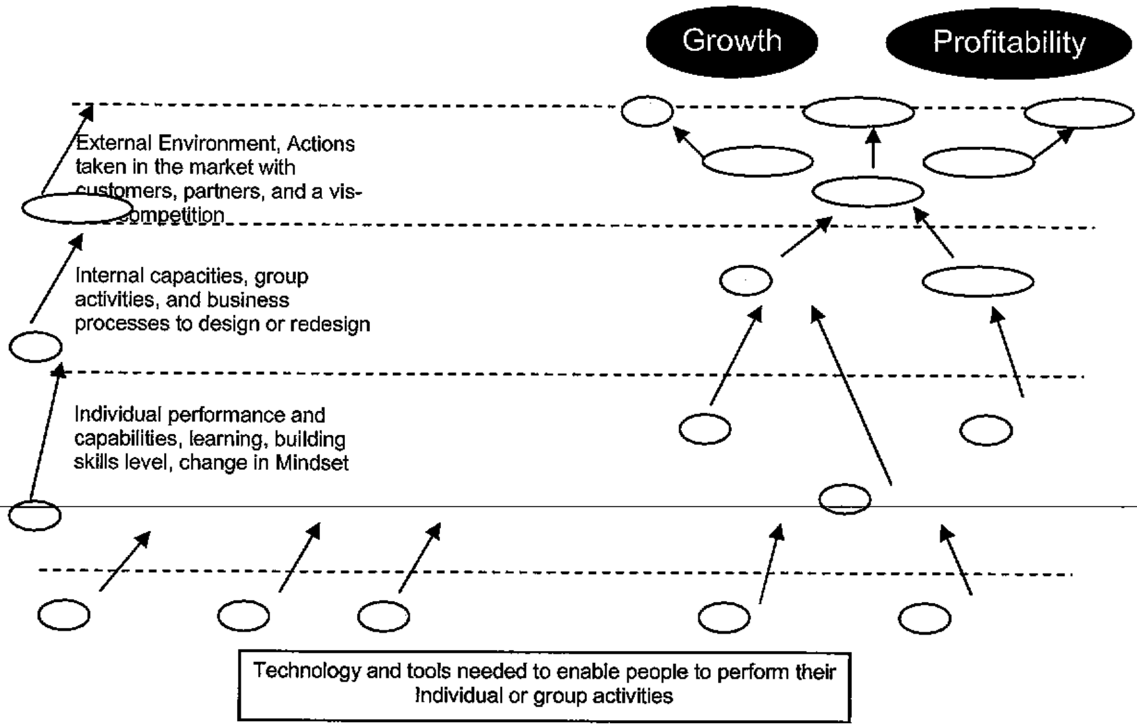
In order to satisfy the shareholders and customers, specific business processes should be followed. Between the identification of the customer need and the satisfaction of this need, we have a long way to go. We should therefore have:

- An innovation process in which we identify the market and therefore we create the list of product or service offerings.

- An operation process in which we develop our programming strategy and produce key programs.
- A customer service where we analyze viewers' satisfaction towards our offering.

Major broadcast companies established sections within their programming department that would analyze the channel performance in terms of ratings and reach in order to analyze viewership taste ad latest trends. Learning and innovation should also be part of our plan and important entities should always stay on the top of our mind if we are planning to succeed. We should always have employees with capabilities, an information system that has a good performance, motivation, and empowerment and of course an external and internal research and development tool.

Figure 5: Causal links and themes



Source: Chalhoub (1999) *The timeless Asset that Drives Individual Decision –Making and Organizational Performance.* Journal of management. CAP Gemini

Among all the above, the most important is to set SMART objectives. Objectives those are Specific, Measurable, Achievable, Realistic and Tangible. In order to have a good outcome, the long-term objectives should be well understood by the whole team so that they can be able to achieve them. In a general way, the objectives are always focused on the financial aspect, the customer satisfaction, the internal business processes and the learning and innovation.

To control the outcome of the organization, we should keep in mind:

- The structure that should stay independent, with self-contained units.
- The rewards and incentives that are a considerable part of the overall reward, tied to a single, quantifiable intent.
- The resource allocation: Tight expenditure controls.
- The people: Focus on industry experience and matching incentives with performance.
- The focus on long-term career progression; performance measurement based on multiple quantitative and qualitative goals.
- The culture: Focus on common corporate culture designed to allow managers to move freely among divisions.

In broadcast companies corporate results would be the net profit in addition to the channels share of audience and channels reach. Net profit and channels' share of audience and reach are the measurable outcomes. Other non measurable outcomes are the viewers' perception of the channel. Viewers' perception is very important for the company as most advertising companies based their booking on it.

In chapter 2, every component of the strategic planning will be analyzed in order to view how it affects the corporate results.

1.2 The integrated planning process in the broadcast industry

The integrated planning process is about a plan and an approach that illustrated the planning and control system of an organization.

The word integrated means that all the parts of the plan are interlinked, and no single part can be independent from the other. In order to have a successful planning entity in an organization, we should first of all know what the mechanism is, what the different steps are and how they complete each other. Commonly, the strategic planning is not applied as it should be. It is either treated as a projection of the past actions or it is an arrogant picture of some idyllic approach that has nothing to do with the day-to-day work. Moreover, in a lot of companies, nobody is making sure that the plans are actually being implemented and the end results checked. Actually, a successful organization will make sure that all the parts of the plan are fully integrated both vertically and horizontally.

Planning is actually a mean to achieve a bright company and not an end by itself. The aim is not to develop a plan, but to use this plan to lead the way for a successful organization. It incorporates all of the hard work that determines what an organization wants to be, where it is going and how it is going to get there. This is why planning must be perceived as a continuous activity, not as an annual task. Therefore, the CEO and the executive team must view planning as a top priority that will help them legalize their major choices and measures.

We should separate between a sequence that implies numbers and a process. Of course, the procedures are essential in the organization, but it is the process that requires a deal of effort to be developed. Sometimes, the executives think that certain parts of the process are not vital to achieving the organization's objectives. An alert decision to avoid parts of the process is here legal. The process also needs to be backed up by the planning team.

In the integrated planning process the three major elements are: the strategic plan, the operational plan, and results management. Each of those three components is here for a reason. The strategic plan is the base; it is about the mission and the strategy of the company. It is also about the direction that the company will follow. The operational plan focuses on how to apply the strategic plan and produce short-term results. The results management component takes care of the comparison between the performance and the set plan (strategic and operational) and makes sure that the results are achieved. Thus, although each component serves a different purpose, they are highly integrated.

The strategic plan is the base of an organization's planning process. It is a conceptual tool that deals with the long-term objectives and the way to accomplish them. In the strategic plan, you can also anticipate some issues that your company may be facing later.

The development of the strategic plan by the CEO and the planning team is usually done during the first and second quarters of the fiscal year. This gives the people working on it enough time to finish the plan before moving to the operational plan. This is essential since they are two completely different planning processes and are accomplished at different times of the year.

It is therefore rarely fruitful to have both the strategic and operational planning at the same time. In general, there is a tendency to have the operational plan dominating since the strategic planning needs significant examination and a lot of thinking from the CEO and the planning team. Operational planning, on the other hand, is more explicit and exhaustive and needs a lot of attention from the middle and first line management. The heart of the operational plan is implementation and results. The focus of the strategic plan is concept and direction.

The focus of strategic planning is about the way that the organization should follow on the long run whether the operational plan says how to get there. The operational plan is developed during the third and fourth quarter and lasts for one year. The major reason to be of this plan is to accomplish the results fixed during the first year of the strategic plan.

The results management will give the CEO and his team the required tools that will help them monitor the results of both the strategic and the operational plan. Whereas the strategic and operational planning are about the development of plans, results management is primarily about the implementation of those plans, but also about reporting, controlling, and amending the plans in order to reach the wanted results. In the major broadcast companies operational plans or annul plan are developed after the strategic plan has been approved by the CEO and the broad of directors.

In broadcast industry, the most sensitive part is the implementation of the annual where the planning team in a complete collaboration with the CEO develops an action for each department especially broadcast, production, and marketing. Support functions such as finance, technical and HR should develop their yearly plan in order to respond to all the needs of the broadcast, production and marketing departments.

The efficiency of the planning team would be to monitor the implementation of this plan. Here the number of resource allocated would be crucial since in addition to monitoring the application of the annual plan the strategy unit handle other responsibilities so a big team would allow the strategy unit to respond to all its duties.

2. Performing a strategic analysis

2.1 Strategic analysis: Assessment of the external and internal environments

The strategic analysis is the record that you keep of the strategic plan. It represents an exhaustive assessment of the external and internal environments that are very important to the durable development of an organization. The external factors consist of the market segments, the available tools, the competition, the industry structure, and the strategic opportunities and threats. For the broadcast industry the main external factor would be the GDP (gross domestic product) per capita per country since it is directly correlated to the growth of the advertising market. In Europe spend advertising spend represent 0.38% from the total GDP per capita (Mckinsey report, 2007). The internal factors consist of financial resources, products/services, internal capabilities (such as developing, engineering, research and development), and strategic strengths and limitations.

Some important issues should stay on the top of our minds when we are going through a strategic analysis. We should always make sure that our analysis is tackling significant issues that the organization is going through and that we have in hand enough information to sustain the analysis that we are doing. When dealing with those issues, we should be certain that they are methodically studied, discussed and analyzed. We should be sure that the essence of those issues is well known and that we are arriving to conclusions that are defendable within and outside the company.

Strategic analysis takes a lot of time but it is inescapable since it will give a quality to the plan of a company that this is what will have a big impact on the dividends. Actually, the strategic analysis will be frequently reviewed and restructured since it is the base on which the organization is evolving. In the broadcast industry the strategic plan should be discussed at a first stage with the CEO than submitted to the broad of directors where the main shareholder would vote on it. In this special industry shareholder play a key role in the decision making process since most of the broadcast companies are not profitable[2]. Losses are covered by the multimillionaire shareholder. Moreover investing in broadcast industries is most of the time not done for financial return but mainly for political reasons keeping in mind the effect of media on the population.

2.2 Critical issues: First step towards the strategic analysis

We can have many ways to develop a strategic analysis, but the most important is to have a procedure or a methodical approach that will be followed by the CEO and the strategy team. The systematic approach that will use should do a detailed analysis that will be backed up by an exchange of ideas between the members of the team.

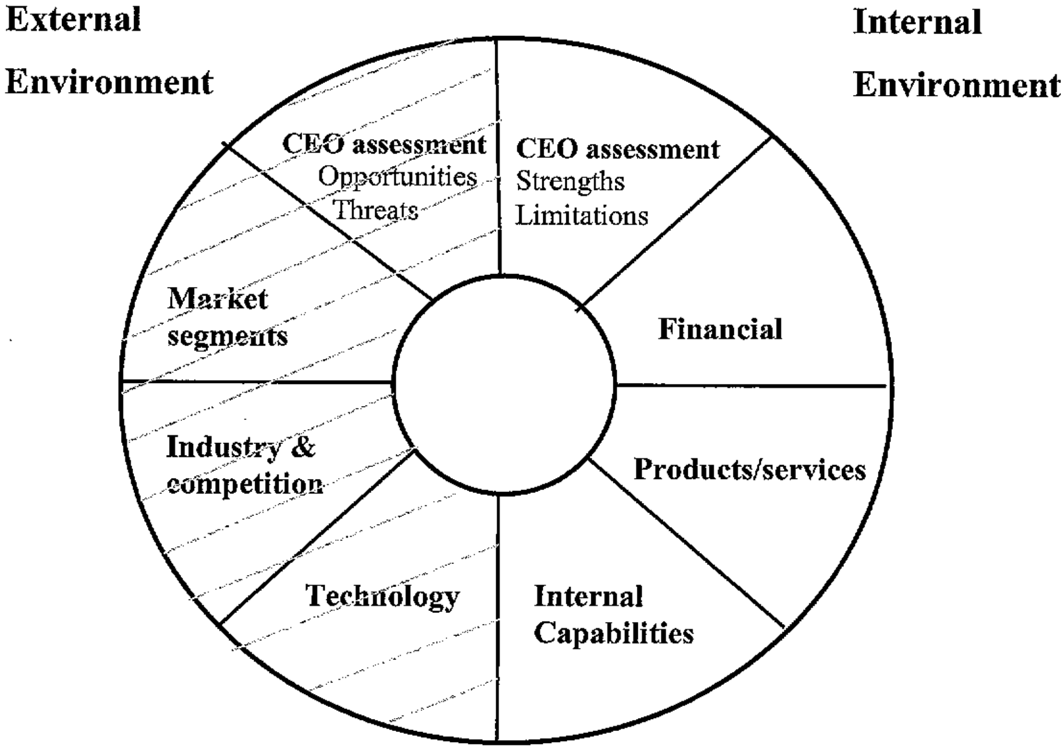
It is common to use in strategic analysis a method that consists of taking care and highlighting the critical issues of the organization. This way, the team will have clear issues that will be treated throughout the whole process[1]. This will avoid a hectic procedure as well as a quantity of information and data that will not be useful, but confusing and chaotic instead. It will thus help the team to focus on the in-depth analysis. Actually, the aim of this process is to help the team thinking of the critical issues that are in the back of their minds. This approach is based on perception and opinion as well as on data and records. The whole team can participate here in the analysis process.

A vital subject is generally surrounded by a difficult situation or event that will do a difference or influence the results of the organization on the long-term. In general, those critical issues are not numerous, but are crucial to a company. For example, the fact that COMPAQ predicted that IBM will have problems when launching the PC Jr. (personal computer) in 1984 made them gain a competitive advantage. Some representative critical issues can be for example big changes of the market or competitors that are preparing themselves to benefit from some strengths or weaknesses of others.

A sequence of five steps must be taken by the CEO and the planning team to develop a strategic analysis[2].

[1] http://www.planware.org/strategicplan.htm
2 LBC desk research
[2] The executive guide to strategic planning, Prentice Hall

Figure 6: Situation analysis wheel (Planware.org, 2008)



Step 1: Accord on critical issues.

The CEO and the team should notice the different critical issues at the start and should find solutions to them as the analysis goes on.

In the broadcast industry most critical issues would be the growth of the advertising market and the channel respective share. All concerned parties should agree on the audience that the channel should target and its geographical coverage. To do that lot of market studies should be developed by the planning team and in some cases some studies are bought form research companies. This highlight the importance of the budget that would e allocated to the strategic plan since all these studies would yield to heavy investments.

Step 2: Organization of the analysis coursework.

Assignments are planned as per the situation analysis wheel (above). The shaded area of the wheel represents the external analysis; the remaining areas of the wheel represent the internal analysis. External analysis is about what is happening outside the organization and that can have a main impact on the future of the company. Internal analysis is about the factors that are within the organization.

The situation analysis wheel is appropriately named. It is called wheel because it gives stability to the analysis (quantitative and qualitative) in the internal and external environments. Half of the wheel represents the external environment and the other half represents the internal environment[1]:

a- The external environment:

- It is about the external opportunities and threats as seen by the CEO, and more specifically, only the ones that are retained by him mainly the development of the advertising market and the growth of the free to air satellites channels.
- Market segments: An analysis should be done around the actual and the upcoming tendencies such as demographics, geographical dispersion, types of major customers, and distribution channels. This is usually developed by the marketing department with a close collaboration of the MBU and the channels' advertising sales representative.
- Industry and competition: An analysis about the competitors is done. It includes the number and types of competitors, their share of the market, their capabilities (marketing, production…), their pricing policy and other factors. In addition to that an analysis is done on the channels' evolution in terms of quantity and typology.
- Technology: An analysis of the existing and upcoming technologies is done (example: new applications, product simplification trends) the technical department play a major role since new technology could reduce the cost of the transponder. A main example would be the introduction of spot beams in the region. Satellite channels won't need any more to be present on one big satellite with a high monthly cost. They will switch to spot with lower cost.

[1] Thompson, Strickland, strategic management, concept and cases, twelfth edition

b- Internal environment:

- Internal strengths and limitations as seen by the CEO: it is the personal point of view of the CEO concerning the forces and the weaknesses of the company. He will notify where improvement is needed (technical staff, sales staff, product quality). In broadcast companies key issues would be in the production staff that will have to produce major top programs.
- Financial: It is the previous financial performance and future necessities that will form a base for the strategic plan (capital and operating needs and substitutes accessible for having appropriate funding).
- Products/services: Actual and future products or services. We should have a compatibility with the data of the external analysis. The content strategy should be based on the external environment analysis.
- Internal capabilities: Detection of actual and potential functions is such areas as development, engineering, research and development, management information systems, marketing and human resources.

These eight spots supply a foundation for the full structuring of explicit analysis assignments. The external as well as the internal environment should be well analyzed by the planning team unit that why a specific budget is allocated to cover al the expenditures and recruit the requested number of analysts and consultants.

Step 3: Achievement of analysis assignments.

In this step, every person within the team has the possibility of proving its capabilities. In general, every person has its own specific functions such as marketing and finance but at this stage, if a person in the team is not convinced of any aspect, she has the opportunity of doing a detailed analysis of that area. At this stage, we can also seize the opportunity of involving members of the organization that are not necessarily in the planning team. Their contribution can also be beneficial.

A main problem in the analysis is to rely on the analytical tools only. It is a mistake that is often done by many companies. The tools should be used, but with moderation since only the managing persons can do the right decision at the right moment. Using the analytical tools intensively will result in premature decisions or in delayed ones.

As stated previously, the most important aspect is to highlight the roots of the issue that were determined and to have them at the center of the strategic analysis. At this stage, more information is needed to proceed with a complete analysis, and teams that are formed of key staff may be formed at this stage even those who are not initially part of the planning team. For example, an analysis team that is working on a new program or interactive service has more chances to be successful if it includes representatives from marketing, finance, and production.

In this analysis, we should have a text and figures that describes what is being discussed and why what is being discussed is critical to the organization. It should also include a sketch or analysis of the main causes and why they are vital, and last but not least a review of the conclusions, the suggestions, and substitutes to resolve this critical issue. In this section all ratings and macro-economical analysis would be done in order to justify the main recommendation in terms of growth and programming strategy in addition to the target segment.

Step 4: Presentation of the analysis.

In order to have a clear final view, every person of the planning team should prepare a presentation that will sum up his findings and conclusions. Those presentations should be consists of three pages in order to have a summary of the most important points that were treated. In those presentations, backup data can be used as support material, and they are usually productive conclusions either in the form of a text or in the form of statistics and figures.

Step 5: Agreement on analysis and conclusions.

The team should focus at this stage on the integrity of what was presented and on the conclusions attained. Some parts of the analysis could be incomplete and should thus be reworked. At this stage, the team must also fix the priorities and agree on the conclusions that will be the basis of the long-term objectives that will be fixed.

3. Selecting and validating long-term objectives

3.1 Long terms objective definition

One of the earliest and required steps into the strategic planning is to compare long term objectives and priorities with all concerned parties in the media company.

The long-term objectives represent what the organization is aiming at for the next three to five years. In general, all objectives are able to be gauged, but the operational objectives are the more accurate ones. By nature, the long-term objectives are strategic ones that are here to ways rather than purely on accomplishments[1]. Unlike the financial projections that are an extrapolation of where the company is now, the long-term objectives are here to specify where the organization wants to see itself in the future to determine from here on, the steps to be followed to reach those goals.

Before setting the long-term objectives, we should keep in mind that strategic and operational categories differ. For example, if we are looking forward to change the driving force of the company, this will be considered as strategic, whereas the operational part is to change the personnel in order to achieve this goal.

3.2 Long-term objectives selection and validation

3.2.1 Selection of long-term objectives

The long-term objectives are fixed during a team planning meeting. The team should thus recognize the things that should be classified as long-term objectives and prioritize them. The team should always keep in mind the mission and the strategy of the organization in order to have final results that comply with what is actually requested. And, since it is a whole team who is working on specifying those long-term objectives, all the members should agree on them.

It is true that sometimes, we can have more than three to six long-term objectives. Nevertheless, there are always objectives that should have the priority since they will be

[1] Robert M. Grant, contemporary strategy analysis, sixth edition, Blackwell publishing, 2007

the base on which the company will be building its success. The other objectives can be delegated to other departments to be taken care of.

3.2.2 Validation of long-term objectives

The long-term objectives are usually represented and explained by statements that clarify what the team wishes for the future of the organization even though they are not always sure that they will happen. Each statement should thus be verified to see if they are quantifiable or supportable, and here the team should be able to recognize them when they happen. The team should also check if they are feasible; there is no point in setting objectives that are not viable. We should be able to determine what changes should be done in order for those objectives to be achieved and what is the probability of seeing those objectives realized. Here, we should have human and sometimes financial resources that will help us attain our goals. Sometimes, you cannot directly specify whether an objective is achievable unless you have settled the program that will help the company to accomplish this goal.

We should always keep in mind that our objective should be adjustable and malleable, because as we said previously, the strategic plan is always reviewed during the year depending on the factors that will change throughout the road. Some objectives may not even be accomplished within the five years deadline, but take instead more time. Finally, our objectives should be consistent with the whole plan that is fixed and of course with the mission and the strategy of the organization.

In major broadcast industry the validation process is done as follow. The approval process will start with the CFO followed by the CEO approval. The final approval will be from the main shareholders since in the specific case of the broadcast companies main shareholders handle the main losses.

Long term objectives includes main the channel's positioning in addition to the expected share of audience that the company will capture among the next 5 years. Moreover long term objectives include as well a detailed forecast of the advertising revenues as the advertising revenues and share of audience represent the main corporate results where the CEO will be accountant to.

4. Formulating a strategy in broadcast companies

4.1 How is a strategy statement developed?

In order to develop a strategy statement, we should take into consideration several questions. Effectively, here are five important questions to which we should have an answer in order to develop our strategy statement[1]:

1. What should be our future driving force and main source of revenues?
2. How is the difference between this driving force and our present driving force? Should we split business model such as switching from free-to-air channels to the pay TV model or diversifying our distribution means by distribution our content on new platforms such as mobiles phones or websites.
3. What changes will be needed to meet the requirements of our future driving force? Should we change our programming and content strategy?
4. How is this compatible with our mission and will it responds to our viewers taste?
5. How is this compatible with the conclusions from our strategic analysis?

In order to reach the objectives and the targets that are set, we should definitely have a perfect strategy formulation.

4.2 How to formulate a strategy that will help us reach the objectives and targets:

To be able to formulate a strategy, we should have a kind of checklist that we should go through in order to have a satisfying end result. First of all, a planning meeting is a must in order to set the priorities to have in the action plan. A second meeting should be scheduled to fix the objectives and targets. After that, a detailed analysis should be developed so that at the next stage, the team will be able to decide which strategies can be the most successful. After that, all the tasks should have sub-tasks to work on in a correct chronological order. Before the work starts, every person should know what are the tasks that she should accomplish, what are the deadlines and of course the cost of such a job. On the other hand, and in order for a strategy to be implemented and not only to be

[1] **http://www.planware.org/strategicplan.htm**

developed to stay on the shelves, all the persons on which this strategy will count should be involved and we should continuously make sure that the strategy that we are developing is realistic. Also, to make sure that the plan will be taken into consideration and worked upon, it is better to prepare small action plans for every member that will be applying this strategy as well as a documentation of the plan. Most importantly, we should have the support of the chief executive to implement the plan and the approval of main shareholders. The approval of the main shareholders is specific to this industry. Finally, it is very important to place huge emphasis on the board executive committee in order to have their feedback on a regular basis.

5. Strategic management in uncertain and complex conditions: Broadcast industry in the Middle East

After going thoroughly through all the details of strategic planning, it is worth noticing that planning is all about control. We are doing all those efforts in order to control better our company and the decisions that we are going to take, and especially when we are dealing with any kind of uncertainty that could be frequent and ubiquitous for the planners.

Planners have thus alternative strategies to which they can refer when they are facing those uncertainties. Nevertheless, they often realize that they are not capable of making significant predictions: future behavior of their complex adaptive systems is sensitive to a countless suspicions. In any case, the predictions are sometimes quite poor, which creates a problem. After all, decisions must be made, even if uncertainties are high.

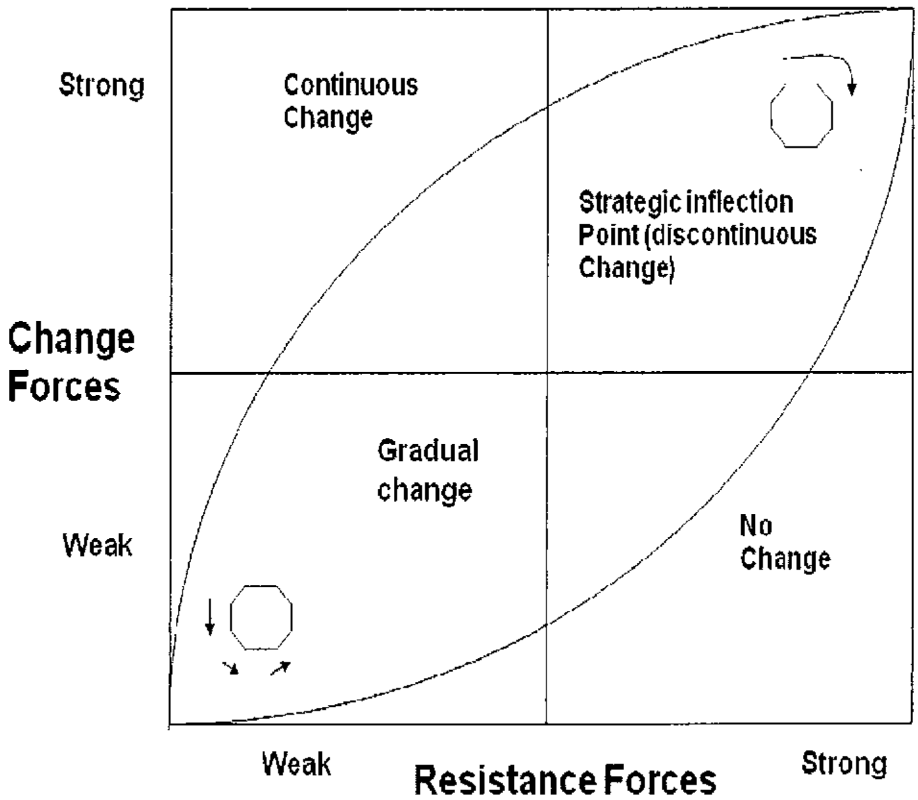
5.1 Planning in uncertain environments

Uncertainty have always existed and so did uncertain environments, and this is why planning is those uncertain condition is not a new thing. When facing an uncertain environment, we can either ignore the situation because we consider that dealing with such a situation will be of a high cost; we can also reduce the uncertainty by canceling some of the risk sources if possible or by improving the quality of our predictions. We can also develop plans that will take into consideration all those uncertainties.

It is frequent for the strategic-planning groups of big organizations to eliminate uncertainty and become "forecasters". This will imply optimized plans against a certain future possibility that can arise and that was noticed in the forecast. All business environments are subject to change. As a matter of fact, successful companies always keep their strategy aligned with changes in their environments, and actively predict change - in customer demographics, future technologies, potential for new products/services, etc. - and look for reinventing their industries. Many executives are not capable to notice the significant changes in their strategic environment or appreciate their impact on the future of their business. The competition nowadays became a global issue, and as the economies and demographics of the industrialized nations further mature, growth opportunities in traditional markets will diminish. The global competition has also increased the risks in all markets and redefined the relation between the public and private sectors. Therefore, we have now new planning challenges that are arising. Planning in uncertain environments has implications for the Business:

- Location of production is a key variable.
- Being a first mover, while risky, can have substantial payoffs.
- Government policy can have an important influence on competitiveness (tariffs, subsidies, import quotas, bureaucratic problems and many others).

Figure 7: Risk and Uncertainty: The Concept of a Change Arena



Source: Strategy - a view from the top (Prentice Hall-John A Pearce -2006)

Four steps are to be worked upon to analyze the change and to prepare our strategic plan in an uncertain environment:

- Identify the limitations of a planning effort.
- Recognize the imperative determinants of strategic environment.
- Build a broad and complete set of future situations and scenarios.
- Create forecasts to evaluate the repercussion of the different futures for strategic postures and options.

Different companies react differently to uncertainty. We have many responses when it comes to strategic solutions, from which:

- Shaping: takes the business towards a configuration that is to their advantage.
- Adapting: corporations that show evidence of a more reactive attitude.

- Keeping the right to play: organizations that make incremental investments until the environment becomes less uncertain.

The broadcast industry n the Middle East is evolving in a fast changing environment where major components of the economy could vary quickly due to wars or increase in the oil price. Due to these changes all strategy units develop 3 scenarios depending on the political and economical situation of the region in order to be ready to face any major changes. These plans are called contingency plans and are developed as soon as the main strategic plan has been approved. One key issue should be the number of resources and the budget allocated since limited resources won't let the strategy team develop more than one scenario which highlight the importance of the main components of the strategic planning that are the budget and resources in addition to the duration.

5.2 <u>How to win in a volatile world:</u>

In general, when developing a strategic plan, the most important is to have precise predictions. But in today's business world, the uncertainty has made those predictions ineffective. And, knowing that in today's environment those uncertainties can come up very quickly, it is very probable that the company won't have the time to deal with the situation. This is why it is necessary is today's world to have a flexible strategic plan.

In today's global enterprises it is very important to have different scenarios and therefore different formulations that are based on the existing practices and the field insights.

Although it is true that uncertainty floods our lives, it is very important to have a plan that will help us react without being blocked. If a company is ready to face uncertainties, she will handle it, and she will also benefit from it and take advantage of it.

When a strategy fails, it does not necessarily mean that it was not the right one. It can frequently be because when the persons in charge wanted to implement this strategy they were faced to an environment that changed and that is thus different from the environment on which the initial strategy was based (example: recession). The failure here is that the strategic team was unable to predict the future and to do a right forecast.

For example, let us take the case of two companies that are working on their strategies during a recession period. The first firm can have an optimistic and positive approach and will predict that the recession will not be too long. On this base, its strategy will be to decrease its restructuring efforts and to focus and invest in a new product with high advertising expenditures and a good preparation to satisfy the customers that they think will soon revive, and have an increase in the demand.

We can on the contrary have the case of a second firm that has a pessimist forecast and that predicts a long recession that will paralyze the economy and slow the overall productivity of the country. This kind of estimations requires much more rigorous cost cutting efforts.

If those two firms will follow their strategies; one of them will be faced with a failure. If the recession will be short the optimistic firm will benefit from its right strategy and the strategy of the pessimistic firm won't pay. On the contrary, if the recession will be long, the pessimistic firm will gain from its strategy and the optimistic firm will have losses if it stays in line with the fixed strategy[1].

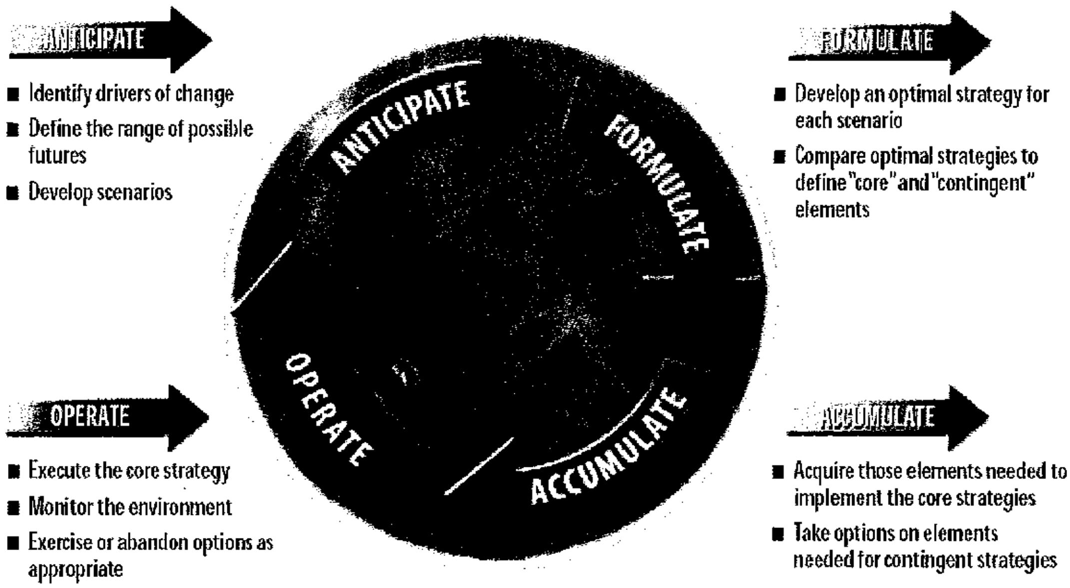
An example of real life can be the example of Airbus, the European aircraft maker, who expected that the recession will be short, refusing to cut the expenses and fire any worker in order to keep all its ability to cope with the growth and the upturn. On the other hand, its US competitor Boeing had a strategy that made him fire tens of thousands of employees thinking that the demand for jetliners will stay low for a long time to come.

In either case, someone wins and someone loses. But the winner is not the better strategist, or even the better predictor. The winner had simply a good luck, but there are better ways.

The below figure explains and summarizes exactly how to work and how we can have better ways.

[1] **www.deloitte.com**

Figure 8: The strategic flexibility framework



Source: Deloitte consulting analysis, 2008

- Anticipate:

Here, we are not only doing predictions, but we are marking the boundaries by having different scenarios to face the future, rather than envisage it. It is therefore a set of different scenarios that we will have and that will help us face and switch to any possibility or uncertainty that may occur. Figuring out this possibility space will help the company to enlarge its horizons and to think more about what might happen.

Knowing that advertising revenues represent the main source of revenues, major strategy units try to anticipate the trend on which it will evaluate on during the next 5 years. These anticipations are based on market studies and interview with advertising sales representative.

- Formulate:

When having those scenarios, the best next step is to develop them into strategies and formulate them using the conventional way seen earlier.

- Accumulate:

Here, we will have to gather the elements that are needed to implement those strategies that we developed and to choose options of contingency plans.

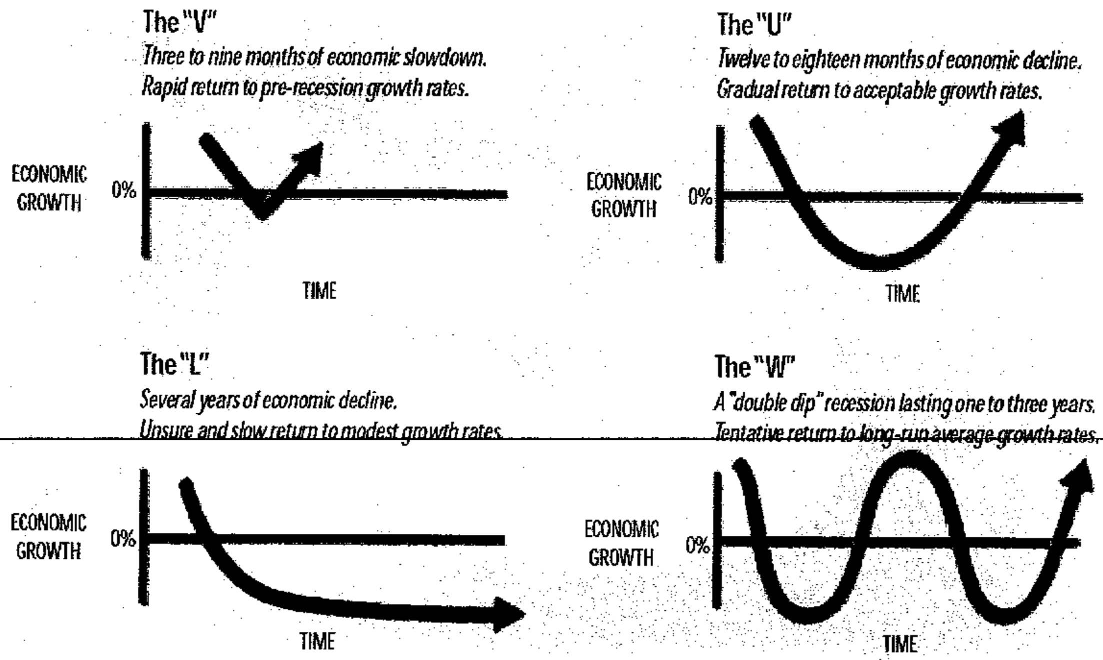
- Operate:

Here, we will have to put into practice the main strategy, observe well the situation and choose to apply or let go options as suitable.

A principle of having different scenarios to react to uncertainty is based on the fact that the probabilities of getting the right predictions are too low and the cost of getting wrong predictions is too high. Here the budget allocated to planning is highlighted one more time.

It is important to note thus, that if we choose to handle this uncertainty, we should take a look at the four conventional "shapes" that usually represents the cycle of recession and recovery.

Figure 9: Business cycle scenarios



Source: Deloitte research, 2008

The broadcast industry evolve in a fast changing environment where the number of competitive channels grow in an aggressive way in addition to the fact that the economical and political situation in the Middle East would affect the growth of the advertising revenues that represent the main source of revenues. In addition to that the delay in the introduction of people meters make the market irrational where there is no economical formula to forecast the growth in the market and the channel's respective share of audience. This main problem is facing major broadcast industry since the presence of one ad sales representative for the key channels created a monopole and eliminated all forms of competition. This form of monopole made the market irrational.

For all the above reason all strategic unit within the broadcast industries are presenting several scenario to the management. According to the political and economical situation of the country, management adopts one of the scenarios taking all the other as a contingency plan in case major changers occurs. Key issues would be the budget and resources allocated since a limited budget or a small team will not be able to develop several scenarios based on several macro-economic changes.

Chapter II

Overview on the Broadcast industry in the Middle East and role of the strategy units in this industry

2.1. Background

Following a detailed review on what is a strategic planning, process and formulation we focused on the importance of the strategic planning in uncertain and complex conditions In this second part, we will analyze and test the relationship between strategic planning components and corporate results in a volatile environment.

We highlighted in chapter 1 the drivers behind efficient strategic plans that are:

- Budget.
- Resources.
- Duration.

Our main focus would be on the media industry in the Middle East especially the TV industry that is exhibiting an aggressive growth and that capture 50% of the total gross advertising revenues (Booz Allen Report, 2007).

We considered the below independent variables that would affect the strategic planning:

- Duration.
- Budget.
- Resources.
- Programs typology.

The dependant variables would be the performance of the TV. We were able to test the channel's performance through the below variables:

- Share of Audience (SOA) in the main markets.
- Coverage that would be translated technically into channel reach.
- Share of the advertising revenues.

2.2. Research methodology

After we have identified in chapter I the major components of the strategic planning and their high impact on the channels result, we tested these findings on the sample that includes 156 free-to-air Arabic channels. In addition to that we analyzed the evolution of the channels typologies throughout reports collected from major research companies. After collecting the data, we analyzed them on in order to reach regression equation linking each components of the strategic planning to the corporate result. We analyzed at a first stage the direct relation between strategic planning components and corporate results. We added then one additional component that is the channel typology. Finally after noticing the high impact of the budget on the channels results we divided the budget in 3 main parts to identify the most relevant section of this budget. The methodology used is the regression analysis as it highlights mostly the relation between each component of the strategic plan with the corporate results.

The methodology used in this paper could be divided in 3 parts:

1. Interview with industry experts in order to understand key roles and deliverables of the strategy unit within the broadcast companies. Key interviews were done with the head of strategy and planning at LBC-Rotana Group, ADMC Group in addition to the CFO of MBC Group. They defined the key roles of the strategy and planning department within their organization and main output. They highlighted as well key components behind the efficiency of the strategy unit.
2. Secondary data analysis from specialized magazines (Arab Ad, Middle East Broadcasters – 2007 & 2008), research companies such as Arab Advisors Group in order to analyze the evolution of free-to-air channels in the Pan-Arab market in addition to channels typologies. These reports highlighted the evolution of the free-to-air channels by programs typology in addition to their main business models. The data was collected from January 2000 till April 2008.
3. Primary data collection of our sample. The sample included 156 free-to-air Arabic channels listed as below. The sample was designed to be representative of all major TV channels capturing at least a minimal market share in major Arabic countries. The sample includes private-owned channels in addition to governmental stations presenting different business models and target segments.

Figure 10. Breakdown of FTA Channels

#	Total Channels
1	JORDAN TV
2	SAUDI SPORT
3	SAUDI TV 1
4	SAUDI TV 2
5	KUWAIT TV 2
6	KUWAIT TV 3
7	KUWAIT TV 4
8	AL FAJER
9	ARMENIAN TV
10	FAYHA'TV

11	NBN
12	AL JADEED
13	TELE LIBAN
14	OMAN TV
15	ABU DHABI TV
16	AL ARABIYA
17	AL HURRA TV
18	AL JAZEERA
19	AL JAZEERA SPORTS
20	AL MEHWAR
21	ART VARIETIES
22	BAHRAIN TV 1
23	MBC 2
24	CNBC ARABIA
25	DREAM 1
26	DREAM 2
27	DUBAI TV
28	ESC
29	FUTURE INTERNATIONAL
30	HEYA TV
31	IQRAA
32	KUWAIT TV 1
33	LBC SAT
34	MAZZIKA
35	MBC 1
36	MELODY ARABIA
37	NAGHAM
38	DUBAI ONE TV
39	ROTANA MUSIC
40	SPACETOON
41	STAR ACADEMY
42	STRIKE
43	SYRIA SATELLITE
44	ZEN TV
45	QATAR TV 1
46	SYRIA TV 2
47	AJMAN TV
48	SAMA DUBAI
49	DUBAI SPORTS CHANNEL
50	EMIRATES TV
51	SHARJAH TV

52	MBC 3
53	MBC 4
54	AL EKHBARIA
55	ROTANA CLIP
56	ABU DHABI SPORTS CHANNEL
57	ALFA BANGLA
58	ART AL AIN
59	AL ALAM
60	AL MAJD SATELLITE
61	AL OSRA WA TOFEL
62	ROTANA CINEMA
63	INFINITY TV
64	NOUJOUM
65	NOUJOUM AL KHALIJ
66	ROTANA TARAB
67	AL OUSRA
68	AL RAI
69	ART AL ALAMIA
70	ART AL HIKAYAT
71	ART TARAB
72	ART MOVIES
73	ART SPORTS 1
74	ART SPORTS 2
75	ART TEENZ
76	BLUE NILE
77	CARTOON NETWORK
78	CINEMA CITY
79	CNN
80	DISCOVERY CHANNEL
81	DISNEY CHANNEL
82	CH1
83	CH2
84	ETV CHANNEL
85	FUN CHANNEL
86	GLOBAL TV
87	HALLMARK
88	HOLLYWOOD
89	INDIA TV
90	IRAN 4
91	IRAN TV
92	IRAN 2

134	VIJAY TV
135	YEMEN SATELLITE
136	ZEE NEWS
137	ZEE TV
138	AL-KHALIJIAH
139	AL WAHA TV
140	IN TV
141	AL DEERA TV
142	ARABIA TRAVEL
143	ATC ARAB TOURISM CHANNEL
144	ROTANA KHALEEJIAH
145	AL ANWAR
146	MANARSAT
147	AL MAJD KIDS
148	AL MAJD AL-QURAN AL KARIM
149	SMART WAYS
150	AL AQARIYA
151	NILE SPORT
152	AL WADI
153	ROTANA ZAMAN
154	FLASH
155	JORDAN SAT
156	MELODY AFLAM

Since the direct correlation between share of audience and share of advertising revenues was already demonstrated all analysis on the channels results would be on the share of audience. The relation between each of the strategic planning components i.e. budget, resource and duration will be analyzed with the channels results in terms of share of audience, advertising revenues and reach.

2.3. Overview on the TV industry in the Middle East

The regional broadcast industry in the Middle East has seen tremendous growth in the last several years. Increases in the number of television viewers, along with favorable economic conditions, have fueled growth expectations and led to the entry of a plethora of free-to-air TV broadcasters' channels. The growth in the number of channels, however, has outstripped TV advertising revenue growth, spurring intense competition among broadcasters.

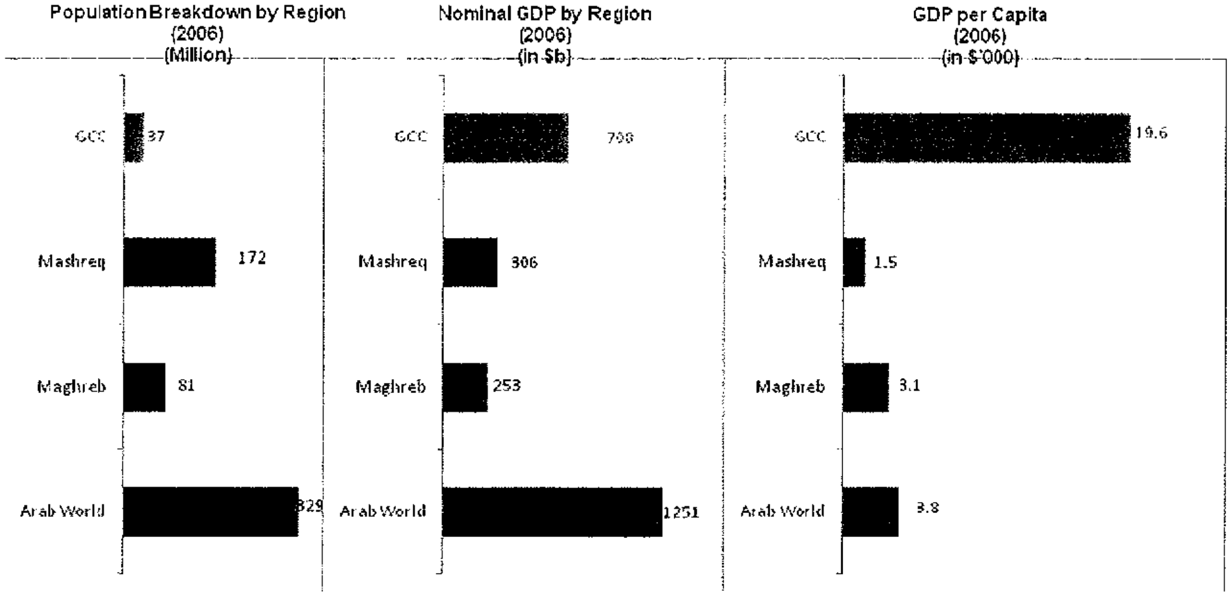
The Middle East is an attractive market for broadcast companies, with a large and growing population, an ample number of affluent viewers, and high media consumption. With more than 200 million people and 38 million households, the region's population is more than half the size of Western Europe. Growth prospects for the TV market in the region are positive: By the year 2015, in three Gulf States (Kingdom of Saudi Arabia, United Arab Emirates and Qatar) and Egypt alone, more than 13 million households are projected to reach medium to high income levels. *(Booz Allen Annual report, November 2007).*

The Arab World can be divided in 3 distinct regions:

- Maghreb: Morocco. Tunisia, Lybia and Algeria.
- Mashreq: Syria, Lebanon, Jordan, Egypt, Djibouti and Sudan.
- Gulf Cooperation Council (GCC): Kuwait, Bahrain, Qatar, UAE, KSA, Oman.

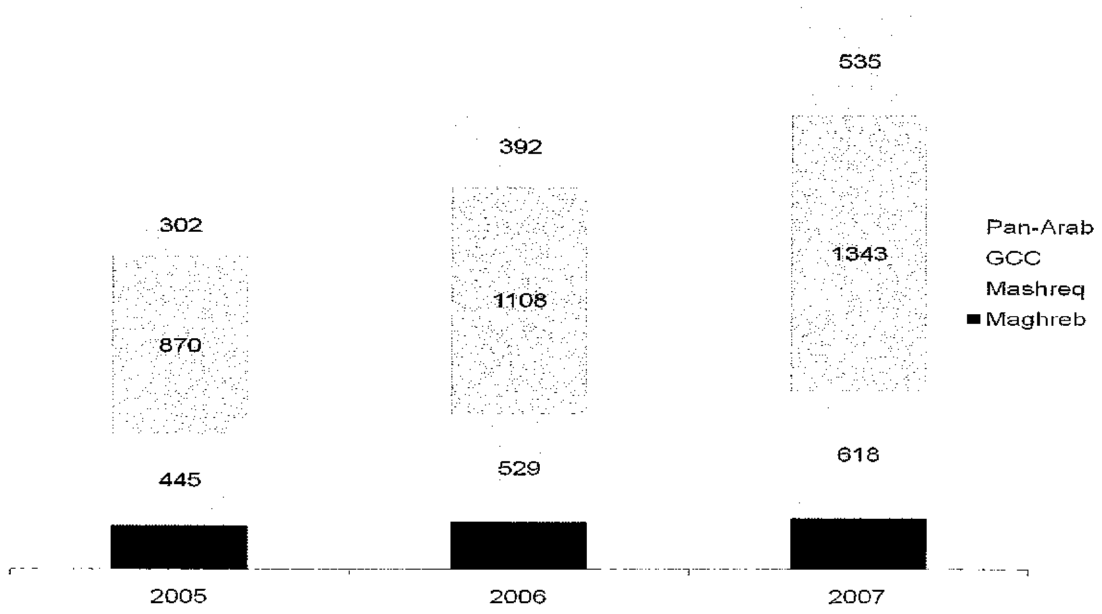
GCC is the dominant bloc from an economic standpoint with a nominal GDP of US$ 708bn while Mashreq and Maghreb present respectively a GDP of US$ 306bn and US$ 253 bn *(LBC Desk Research, 2008).*

Figure 11. Evolution of the GDP in the Middle East (LBC Desk Research, 2008)



The advertising market across all media is exhibiting an aggressive growth after years of stagnation. From 1995 to 2004 the market presented a 10% annual growth while during the last 4 years it exhibited a compounded annual growth rate of 22.6% .

Figure 12: Evolution of the total advertising market (ArabAd – January 2007-2008)



TV captures 50% of the total advertising revenues *(Arab Advisors Group , 2008)*. A sign of the rapid growth experienced by the TV industry is the large increase in free-to-air (FTA) TV channels. The growth in the number of channels has outpaced the growth in TV advertising spend, resulting in slowing ad spend on a per channel basis. Thus, in the short term, TV channels are likely to grow at a proportionally lower rate, and in the medium to long term, as the gap with growth in advertising market widens, consolidation seems likely.

Figure 13- Evolution of Free-to-Air channels in the Arab World (Arab Advisor Group, 2008)

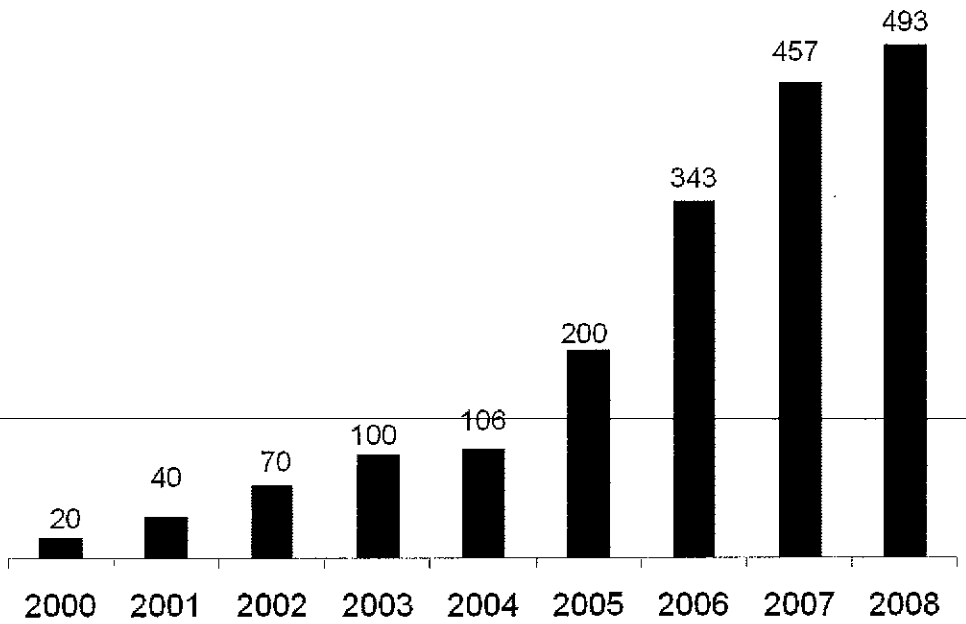
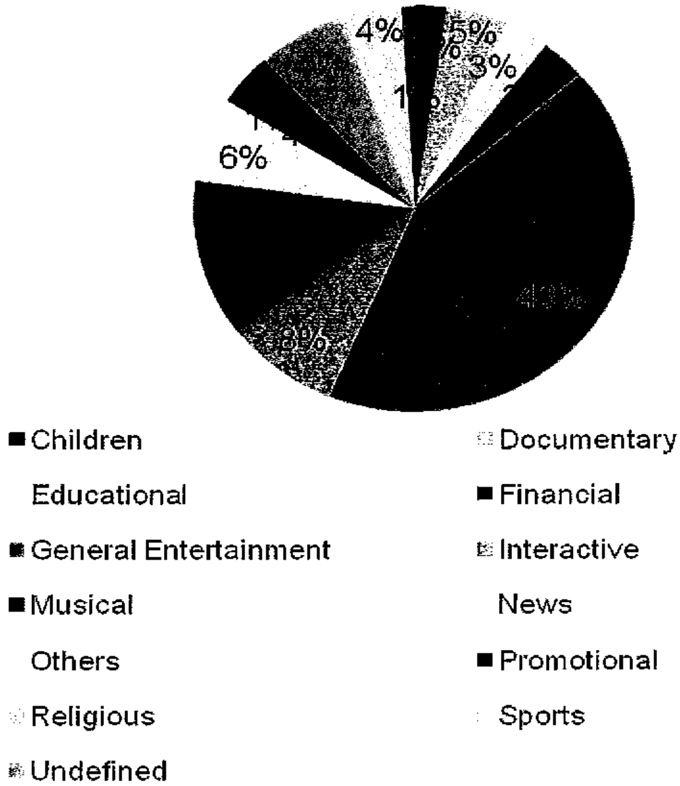


Figure 14 – Breakdown of FTA channels by typology (Arab Advisor Group, 2008)



To redefine the value of advertising spot rates and spur aggregate TV ad spending, advertising agencies will be adopting increasingly reliable methods to measure viewer consumption and ascertain viewership of different channels and programs. A few Middle Eastern countries are taking steps toward the use of viewership and rating measurements, which will ultimately provide program ratings; there is also talk of regulations to install a measuring system that would allow more transparency in the market. Finally, proposed regulations to reduce the permissible time for ad breaks should increase the value of advertising. The advertising spend per capita will likely rise as the industry better gauges the effectiveness of advertising and is willing to allocate more capital to TV advertising.

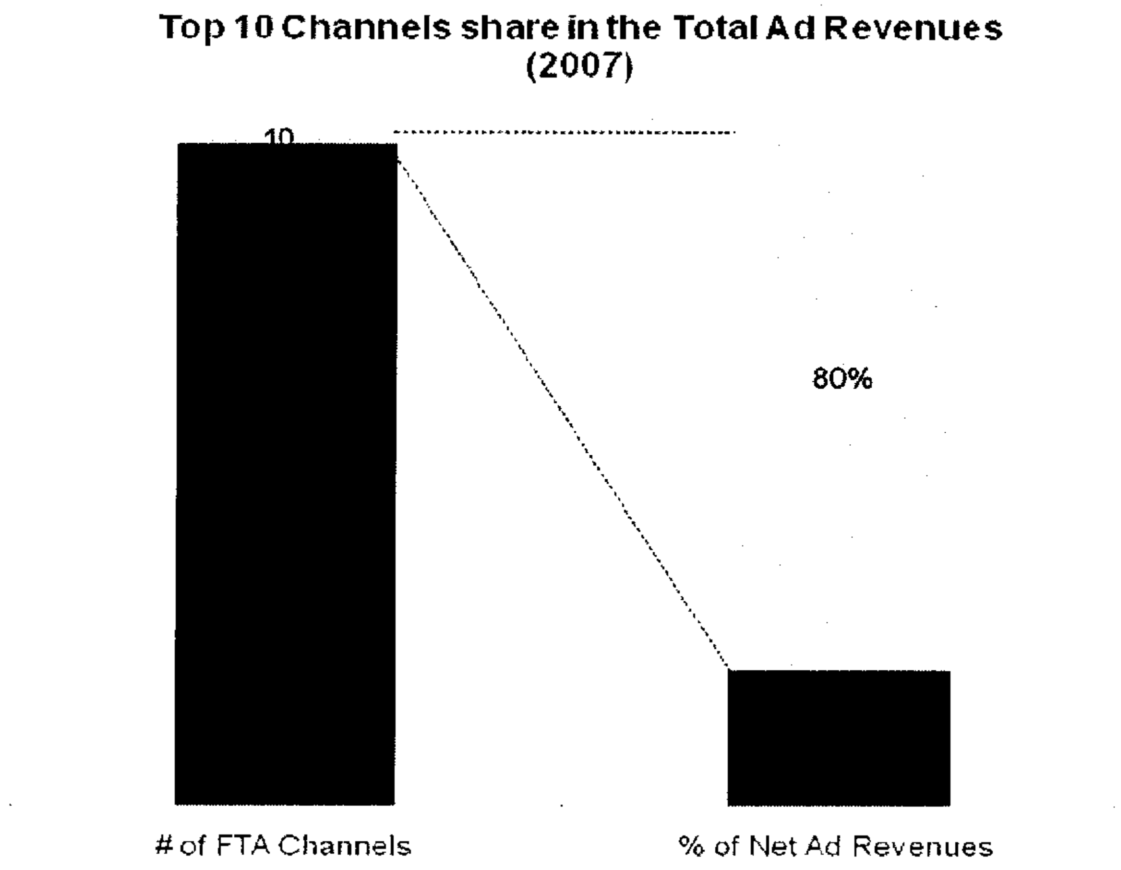
Currently people meters exist only in Lebanon but the limited size of the Lebanese advertising market doesn't make the Lebanese statistics as a reference. The main statistics used in the Arab World are the one coming from Saudi Arabia since it is the largest market by far. *(Choueiri Group, 2007).* People meter are expected to be introduced in Saudi Arabia in 2010. The main issue would be in the regulation of such a tool.

Figure 15.Evolution of the total Advertising Revenues in the Middle Eastern Market (in $m) (ArabAd, 2007)

	Maghreb	Mashreq	GCC	Pan-Arab
2005	210	445	870	302
2006	229	529	1108	392
2007	249	618	1343	535

The evolution of the advertising revenues followed by the proliferation of the free-to-air channels increased the competition in this sector where each channel is trying to grasp the highest share of audience that would translate into a high share of the advertising revenues. This aggressive competition in the TV sector led all concerned parties to review their plans and develop new strategic plan for the next 5 years.

Figure 16. Share of the top 10 channels in the total advertising revenues (LBC Desk Research , 2007)



Starting 2005, top 10 channels MBC1, MBC2, MBC3, MBC4, Saudi TV, LBCSat, Dubai TV, One TV, ADMC (Ipsos-Stat, 2008) that are capturing 80% of the total advertising revenues created a strategy unit within their company that would develop a 5 years plan for the company followed by a regular market analysis. The efficiency of the strategic plan is reflected by the channel share of audience and share of the total advertising revenues in addition to the viewers' perception *(LBC Desk Research, 2008).*

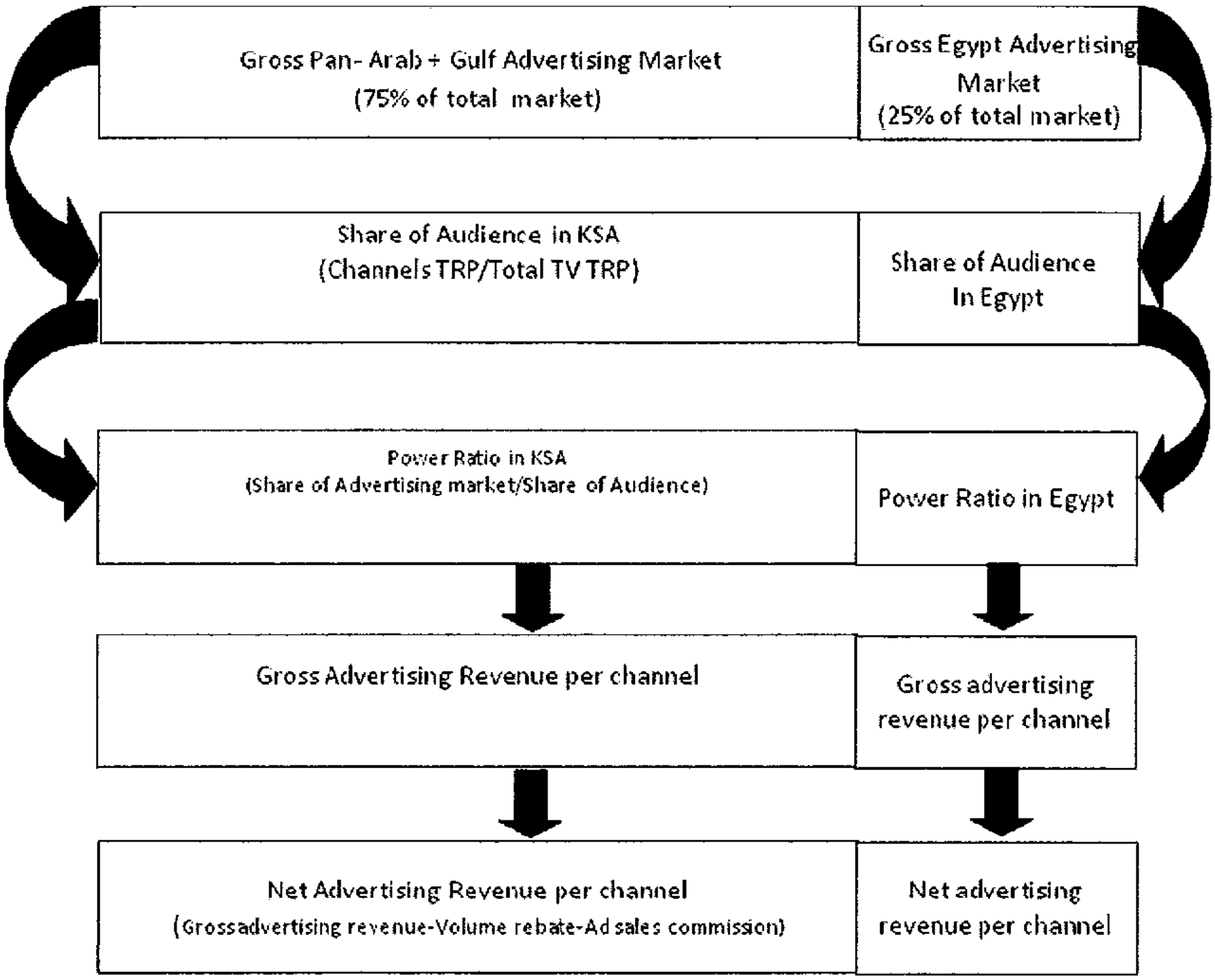
2.4. Role of the strategy unit

Interviews with the head of strategy and planning of the Rotana-LBC group, the executive director of the Abu Dhabi Media Company and MBC group CFO helped us identifying key roles and expected deliverables of the strategy units within their company.

Key role and deliverables of the strategy units could be summarized as follow:

1. Overview of the media landscape in the Middle East :
    - External analysis including a detailed analysis of the latest trend in terms of viewership habits, competition strategy in addition to the evolution of the free-to-air channels in the middle followed by a detailed categorization (General entertainment, movies, musical, religious, sports).
2. The external analysis would be the first part of the strategic plan document that is usually submitted to the board of director in October. The second part of the strategic plan would include a five year financial plan including a detailed forecast of the revenues and cost. Advertising revenues is the most sensitive part as it includes a forecast of the expected channel share of audience in the next five years. Ad revenues forecast is done following the below methodologies.

Figure 17. Driver affecting the channel net advertising revenues (LBC Desk Research , 2007)



Advertising revenues per channel is function of the gross advertising revenues, share of audience and power ratio. Power ratio would be the efficiency of the channel ad sales representative since it can get more than the fair i.e. a ratio of 1. It could reach 2.0 for the leader.

3. Annual Plan: In November an annual plan is developed reviewing the channel financial performance during the last two year and developing the next year budget. Five-year plan in addition to the annual plan represent the core business of the strategy unit.

4. In addition to the below documents the strategic units handle all feasibilities studies, conduct operational improvements, design re-structure programs and handle all the negotiations with external investors. It handles as well all business development activities.

2.5. Hypotheses development

Several hypotheses were tested during the semester in order to analyze the relation between the components of the strategic planning and channels' results.

2.5.1 Payroll Budget

Human capital budget is the budget allocated to the member of the strategy and planning team. It includes their monthly salaries in addition to the annual bonus and all other exceptional benefits. Payroll budget is not only function of the team member but the "caliber" of employee. The new trend in major broadcasting companies is the recruitment of media experts from top consulting firms such as Booz & Co, Mckinsey & Co, Bain &Co, Oliver Wyman and Boston Consulting Group.

Such media expert worked on so many projects related to the broadcast industries in different countries of the Middle East. In addition to that they scope of the work was not only limited to the broadcast companies but also production houses, advertising agencies and finally the development of media zones such as Abu Dhabi Media Zone and Dubai media zone.The recruitments of such employee would inflate the payroll budget and increase the channels result in terms of share of audience and advertising revenues.

The total number of employee that would inflate the total payroll budget is not the main driver but the high caliber of recruits that would inflate the total budget. For these reasons payroll budget is considered as one main component of the strategic plan and will be tested as a main hypothesis.

H1: Broadcast companies that have a representative payroll budget would reach better results than the companies with limited budget.

2.5.2 Operating Budget

The operating budget would include all the general expenses related to the operations of the strategy and planning team such as travel expenses, accommodations, food & beverage, market studies and researches from the third parties.

In addition to that the operating budget includes another main component that would be the PR and media communication budget dedicated to the strategy and planning team. This budget is different than the one allocated to the marketing department since it is directly related with the ad sales representative for all business to business campaigns that are not covered by the marketing department. Operating budget is considered as a key element in the planning process and will be considered as a second hypothesis to be tested in this research.

H2: Broadcast companies with an important operating budget will reach better results than companies with limited budget.

2.5.3 Human capital development budget (HCD)

Human capital development budget includes all expenses related to the development of the intellectual capacities of the planning team members. It represents as well all activities that will increase the team members' expertise in the media and broadcast industry.

HCD expenditures cover all seminars, summit, and trainings. In addition to that it will cover subscription to local and international research houses specialized in the media industry such as Arab Advisors Group and PARC in additional to top consulting annual report such as Mckinsey and Booz Allen annual review. Human capital budget will have a long term impact on the channels result since its main output on the team members will require additional development in terms of maturity especially that theses training are mainly required to the new recruits and not the industry experts. Human capital development budget will be considered as the third main hypothesis.

H3: Broadcast companies with a high HCD budget will not reach better results in the short term than companies with limited budget.

2.5.4. Resources

Resources would include the total number of employee working within the strategy and planning team. As we said previously the first part of the strategic planning the first step in a strategic plan would be the market analysis and the new market trends. According to the interviews done with major industry experts, market analysis would require a big team effort as each member would have to analyze a part in order to have a full market analysis .With a large team, the market analysis would be done in a more precise way since it won't be limited by the time as the process will be quick with an important numbers of employees working on this analysis.

H4: Broadcast industries will a high number of employees in its strategy team will reach better results than companies with a limited number of employees within its strategy unit.

2.5.5 Duration of the strategic plan

The strategic plan duration represent the period covered by this plan. All general entertainment channels with advertising revenues as main source of revenues will opt for a five year plan since the market rational could be forecasted and analyzed while channels with subvention and interactivity as main source of revenues have a strategic plan with a duration limited to three year for the following reasons:

- Interactivity is a market trend and won't persist forever.
- Government subvention would vary with the change of government and its policies.

Moreover the duration of the strategic plan would have a long term impact on the channel result especially that the strategy for the next year will depend on the long term strategy. If this long term strategy won't be precise the annual plan could not reach its target. The duration of the strategic planning would have a long term impact on the channels results and won't influence directly the short terms channel's results. The duration of the strategic plan will be the fifth hypothesis to be tested.

H5: Broadcast companies with a long term strategic plan won't reach better results in the short term than companies with short strategic plan.

2.5.6 Channels typology

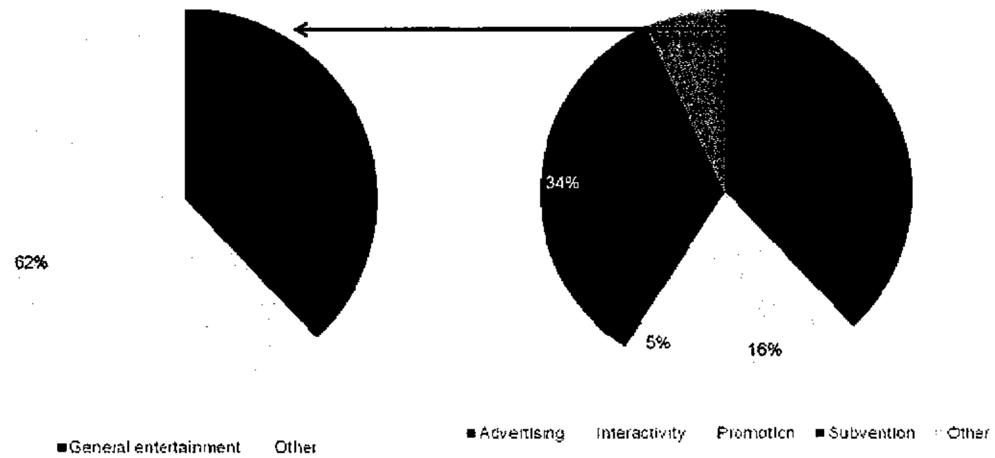
As we demonstrated in the overview of the broadcast industry in the Middle East, 38% of the channels are general entertainment channels (Arab Advisor group, 2008) and advertising revenues represent the main source of revenues for 38% of the total channels (Arab Advisor Group, 2008). A direct correlation exists with the channels typology and corporate results as general entertainment channels grasp 100% of the total advertising revenues. Moreover the top 10 channels MBC1, MBC 2, MBC3, MBC4, Saudi TV, LBCSat, Dubai TV, Rotana Cinema, and One TV capture 80% of the total advertising revenues *(Arab Ad, January 2008).*

All of the above will show the aggressive competition that exists between the general entertainment channels in general and top 10 channels in a more direct way. Strategic planning will become in this case a main competitive advantage to differentiate one channel strategy from the other. Relationship between channels typology and corporate performance would be the 6th hypothesis that would be tested.

H6: Broadcast companies with general entertainment as main typology will reach better results than channels with different typologies.

2.6. Key Findings

Figure 18- Breakdown of FTA channels by typologies and Business model (Arab Advisor Group , 2007)



The analysis of the collected data showed that all channels with a clear strategic plan are capturing a share from the total advertising revenues. Channels with no strategic plan are not having any share of the total advertising market and their main source of revenues is limited to interactivity i.e. SMS (short message service) and IVR (interactive voice response).

In our sample of 156 TV channels, 38% have a clear strategic plan and capture 100% of the total advertising market. Interviews with market experts showed that only 1/3 of the channels have a clear strategic plan due to its high cost and channels typologies.

In this part will elaborate more on the relation between channel typology and strategic plan. We will analyze then the relation between the components of the strategic plan and channels' reach, share of audience and share of advertising revenues. Finally we will explain the reason behind the consolidation.

2.6.1 Channels typology effect on SOA

Figure 19. SPPS Simulation #1

Coefficients(a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-3.712	2.426		-1.530	.133
	Duration	.127	.245	.047	.517	.608
	ExpBudget	7.02E-005	.000	.232	5.183	.000
	Salarybudget	4.80E-005	.000	.121	3.414	.001
	HCDBudget	2.37E-005	.000	.121	1.862	.069
	Typeent	**1.791**	.378	.667	4.735	**.000**
	Typeeduc	.327	.406	.123	.806	**.425**

Dependant variable: share of audience

Advertising revenues represent the main source of revenues for 38% of the total channels (Figure 18). As we explained earlier only channels with advertising revenues as main source of revenues are implementing a strategic plan as there is a strong relationship between strategic plan and share of total advertising revenues. Due to the strong competition between channels with advertising as main business model, strategic planning became the main competitive advantage. 100% of channels with advertising as main business model are general entertainment and musical channels (Figure 18).

The analysis applied on the sample of 156 channels showed a direct correlation between general entertainment channel and the evolution of the channel share of audience. Simulation one, showed the insignificance of the beta coefficient of the education type on the opposite the entertainment type coefficient exhibited a strong significance that is mainly due to the tight relationship between general entertainment content and viewership taste. Currently top programs have entertainment as main components. Such programs capture a high share of the audience that translates into advertising revenues and high reach.

As we explained earlier, general entertainment channels capture 100% of the total advertising revenues and due to the increase competition all these channels are implementing strategic units that would provide them with a competitive advantages.

2.6.2. Relationship between strategic planning components and corporate results

In this part we will analyze the relationship between each components of the strategic plan and channels output.

Main components of the strategic plan would be:

- Strategic Plan Duration: The duration of the strategic plan in number of years.
- Budget: We split the budget in 3 main items:
  - o Expenses: Budget related to the operating expenses such as travel, accommodation and networking with PR.
  - o Salaries: Budget allocated to the wages and compensation of employee in the strategic units and the operating divisions.
  - o Human capital development (HCD): Budget allocated to the human capital development such as training, seminars, summits and intellectual improvement.
- Resource (Headcount): Number of employee that works in the strategy and planning department.

Main channel output would be:

- Share of audience (SOA): Share of Arabic viewers that are watching the channel's program.

Figure 20. SPSS Simulation # 2

Coefficients(a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.642	.428		-1.499	.141
	stratplandur	.444	.361	.163	1.229	.226
	ExpBudget	9.89E-005	.000	.326	5.295	.000
	headcount	.298	.096	.284	3.123	.003
	Salarybudget	5.78E-005	.000	.146	2.897	.006
	HCDBudget	3.05E-005	.000	.156	1.646	.107

Dependant variable: share of audience

1. Strategic plan budget and channels output.

   There is a strong relationship between the strategic plan budget and channels output:

   a. Expenses budget and share of audience.

      Expenses budget has a high coefficient budget (9.89) with a high significance, (100%). This is mainly due to the fact that share of audience output is function the operating expenses budget since the main effort provided by the strategic plan is directly factored in the operating expenses. Public relation activities that are a main part of the expenses budget will have a key impact on the channels result. In addition to that all expenses related to market studies will yield to precise analysis with achievable objectives that will be translated into a high share of audience. The broadcast industry is very sensitive to the short term investments.

   b. Salary budget and share of audience:

      Salary budget has a high better coefficient (5.78) with a high significance of (99%). The same relation exists between the total payroll and share of audience since nowadays major media companies are recruiting consultants from top consulting companies such as Booz & Co, Mckinsey and Bain (Middle East Broadcasters magazine, April 2008). Such consultants are highly skilled and have strong industry knowledge since they emphasize on Media in their consulting companies. It should be noticed that the main growth of the salary budget is not only the number of employee but the background of its member since consultants are highly paid when the join a specific industry.

   c. Human capital development budget and share of audience.

      HCD budget has a low coefficient compared to the salary and expenses budget since there is no direct relation between HCD budget and corporate results (3.05). This was demonstrated by the insignificance level of this component, (90%).

HCD has no direct impact on the channels share of audience, since all investments has long term objectives hence not reflecting a direct impact on the share of audience. HCD budget will have an impact on the long run activities of the company where this corporation will benefit from highly skilled and trained employee that could achieve the entire requested task and have a strong impact on the strategy of the company.

d. Headcount:

Headcount coefficient is significant (99%) but has a lower impact on the corporate results than the salary and expenses budget. This was clear through the low coefficient of (3.05).

There is a direct relation between the strategy unit headcount and channel SOA since increasing resources would translate into more in depth market studies and analysis which output would be reflected on the share of audience. This is mainly applicable in volatile environment where the strategy will have to develop several contingency plans based on major changes in the external environment. Such plans would require more in depth analysis that the strategy unit will not be able to develop unless it has the sufficient resources.

e. Strategic plan duration:

The strategic plan duration has a very low coefficient (0.444) with no major significance (78%). There is no direct relation between the strategic plan duration and channel SOA since every strategic plan is followed by an annual plan that would have a direct impact on the SOA. In addition to that all strategic plans are being updated in the quarter 1 (Q1) of the current year which would reduce the impact of the strategic plan duration on the current channel's share of audience. Strategic plan duration will have a major impact on the long run activities of the company so they can't have a direct impact on the corporate results in the short term.

2.6.3.Relationship between strategic planning components, channels' typology and SOA

Figure 21. SPSS Simulation #3

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-3.907	2.410		-1.621	.112
	Typeent	1.742	.377	.649	4.619	.000
	Typeeduc	.396	.406	.148	.975	.335
	Duration	.030	.254	.011	.117	.907
	ExpBudget	7.40E-005	.000	.244	5.388	.000
	Headcount	**.096**	**.072**	**.091**	**1.325**	**.192**
	Salarybudget	4.58E-005	.000	.115	3.263	.002
	HCDBudget	2.08E-005	.000	.106	1.622	.112

Dependant variable: Share of audience

Adding channels' typology on the strategic planning components exhibited same results as simulation # 2. Key changes would be in the headcount since it becomes an insignificant variable (0.096) with no significance (80.8%).

This is mainly due to the current structure of the strategy department in most media group since there is no specialized subsection in content development. The strategic planning structure will not vary if the channels have a clear focus on the entertainment programs or education. Moreover, the strategy team has no direct impact on the programming strategy and choice of programs since the main recommendation that the strategy team gives would be on the targets segments habits and tastes.

We noticed the same structure in the general entertainment, musical and educational channels .The same model has been even applied in the newly formed groups that includes general entertainment and educational channels.

Finally we can say that the major components affecting corporate results would be the expenses budget with the highest coefficient (7.4) followed by the salary budget (4.58) and the channels typology (1.7). The strategic planning resource lost if significance when adding the channels typology. Human development capital budget and duration of the strategic planning will not have a direct impact on the short term results as they affect the long run activity of the company.

2.7. Trend towards consolidation

The phenomena started with the alliance between Rotana-LBC creating one of the major media group in the region. Industry experts would forecast an increase of these consolidations for the below reasons.

1- Economy of scale:

A limited number of channels are capturing around 80% the advertising revenues (Arab advisor group, 2008). Many channels reach a level where their operating losses become so important that they found themselves obliged to stop their activities. Other companies with subsidies as main business model found themselves without subsidies which oblige them to stop as well their activities. In addition to that, consolidation between 2 groups will reduce the operating loss by consolidation the main resources and know-how which will result in major savings. In some special cases, consolidation could lead to an increase in the capital of the new formed organization (Arab Ad, 2008).

2- Market sizing and coverage:

The current division of the market into sub-markets is another reason towards the consolidation. Currently Middle East and Notrh Africa is divided into 3 sub-markets:

- GCC: Gulf cooperation council.
- Maghreb region including Libya, Tunisia and Morocco.
- Levant region including Lebanon, Jordan and Syria.

Major media group are taking over some niche channels with a high presence in some key markets. The entrance of new international players such as FOX and Warner Bros that are creating alliance with current local media group such as the alliance between FOX and Rotana or Warner Bros with Abu Dhabi Media Group (ADMC) is giving them additional resources and market power to take over the niche channels in order to have a full bouquet of offering that would respond to all viewers tastes and demands.

3-Cross holding situation:

Cross holding situation could be another major driver towards the consolidation. Major media group invest as a silent shareholders in some media group waiting for the right moment to acquire the majority of shares and consolidate the companies. One key example could be the ownership of Kingdom Holding of 49% of LBCSat share. This led to a merger between Rotana and LBC (Arab Ad, 2008).

On the other hand four main drivers could explain the failure of the merger.

1-Resistance from the public:

This is mainly due to national pride and symbolism. It is applied in the special case of the national channels that will be owned by a foreign group or even managed by "foreigners". A non-media example would be the merger between Renault and Volvo where both channels are a symbol in their countries (Chalhoub (1996), Business & the contemporary world).

2-Presure from shareholders:

Pressure from shareholders usually happens when companies are owned by many independent investors that will not welcome the new management team. Such problems take place when the merger is imposed by the major shareholder. In such case all other minor investors will join forces to block this merge.

3-Problems of privatization:

Many television stations are facing major financial issues and looking for new investors. Key issues will arise when foreign investors show interest since the company status will have to change from public channel to a private one. One example could be the national channel of Lebanon where the government didn't decide on its privatization and at the same time is not wiling to invest in such corporation.

4-Resistence from senior management:

Such problems will arise due to different reasons. One reason could be cultural where senior management will face major cultural difference with the new shareholder. In addition to that a different vision could lead to the same problems (Chalhoub (1996), Business & the contemporary world).

2.8. Limitations and future considerations

As a future recommendation for future research, we should focus on the risk that could occur if companies follow an unbalanced strategic plan in addition to the role of the strategic planning in the consolidation between major media groups. The main reasons behind the unbalanced strategic plan would be:

- The absence of alignment with the management vision and capabilities where the strategy unit will set high objectives that can't be achievable in the short terms. A detailed analysis of the internal and external environment should reduce such risks.

-The absence alignment with the main shareholders could lead him to exit from the broad of directors which will affect negatively the company. In some special cases and in order to reduce the operating loss the strategy team develops a plan that would reduce the major expenditures while stabilizing the position of the company in the market. Such strategy could not match the main shareholder vision that could be ready to handle all the major loss for the next two years in order to capture a higher market share and revenues in the long run.

- A wrong estimation of the market evolution would lead to a decrease in the expected advertising revenues. This usually happen in volatile environment where the economical situation is very sensitive to some external factors such as the political situation. In such situation the contingency plan would become crucial in order to give the management the right tool to reduce losses.

These below reasons could lead the company to a shortfalls and bankruptcy in some cases. A deeper analysis should explain and develop the role of strategic unit in the consolidation of two major media groups since it is a very delicate mission that could take the company to higher position or at the opposite led it to bankruptcy.

An analysis should be developed by the planning team to ensure that all available resources are needed by the companies. On the other hand a new five year plan should be developed in order to see where the company will be heading to in terms of:

- Target segments. The newly formed company could decide to enlarge its audience and targets new category of viewers.
- Geographical coverage and presence. The company could decide to penetrate new emerging markets in order to diversify its source of revenues.
- Business model. In this special situation of consolidation company could decide to change its business model and move from the free-to-air model to pay-tv.

- Transmission means. Top management with the new content that it has could decide to diversify its transmission mean on websites and mobile platforms (MEB magazine, 2007).

Conclusion

The major growth in the total advertising spends in the region led to the proliferation of free-to-air channels that are trying to capture a share from the total market. Analysis developed on the evolution of free-to-air (FTA) channels by typology and business model showed that general entertainment channels are capturing 100% of the total advertising market. Twenty percent of these channels are capturing eighty percent from the total. The strategy and planning unit became a major competitive advantage to these TV stations targeting a big share in the total Pan-Arab advertising revenues. Key differentiation between the strategy units in different companies would be the components of these units. Analysis done on a sample of 156 channels targeting the total Arabic market and different target segment with main business model showed that the key components of the strategic plan are the major factor behind the success of these channels. Key components would be the budget allocated to the strategy team. Budget has been divided in three main components: salary, expenses and HDC budget. We noticed a strong relationship between the salary and expenses budget and corporate result. Analyses run on SPSS shoed a strong coefficient for this 2 element with high significance. On the other hand HDC exhibited a low coefficient with no significance since the human capital budget will have an impact on the long term activities of the companies.

Headcount of personnel allocated to the strategic planning effort would be a second key differentiation between competitors. It showed lower but significant coefficient. Same results were presented for the strategic planning duration since it would have a long term effect as the annual plan reflect more the relation between the strategic plan and channels' performance.

On the other hand we noticed a strong relationship between corporate results and channels typology. The analysis of channels business model showed that 90% of the channels targeting the advertising revenues are general entertainment channels. This could be explained by the fact that Arabic viewers tend to watch more entertainment programs than educational ones.

Moreover the current trend in the media industry is the consolidation between these generalist channels where major media group are taking over the niche channels that will not be able to cover their operating expenses as they don't capture any share from the total advertising revenues. Other reason behind the consolidation would be the market coverage and the cross holding situation that is strongly present in the Middle Eastern market.

Key issues would be to analyze the impact of these consolidations on the channels typologies since most of these media group are focusing on the general entertainment in their prime time programs such as Star Academy or Mission Fashion. Should media groups start creating some awareness on the importance of the educational programs or will the television industry be limited to simplistic entertainment programs?

Currently major media group such as Rotana-LBC or MBC Group are having some educational and social programs in the off peak time slots. Most media groups are following these trends since viewers have more preference towards entertainment programs.

Some industry experts consider that media companies should follow the viewers' preference in terms of programs' type in order to grasp a higher share of the advertising g revenues *(Broadcast Journal, January 2008)*. Other considers that the main mission of broadcast companies is educational hence they should increase their educational and social programs in the peak time *(Broadcast Journal , 2008)*.

Major media group with a wide bouquet of channels are establishing channels that have some educational and social issues while their main focus stays on the general entertainment channels as they consider it as a cash cow.

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Appendix I – Sample Breakdown in 2008 and key results

Total 2008	Daily Reach	Highest Ratings	Total Ratings	SOA	% of total rev
JORDAN TV	0.07	0.03	0.20	0.01%	0.0%
SAUDI SPORT	7.57	3.00	41.76	2.26%	3.40%
SAUDI TV 1	19.67	7.19	153.60	8.30%	2.50%
SAUDI TV 2	0.32	0.06	0.92	0.05%	2.20%
KUWAIT TV 2	0.08	0.05	0.49	0.03%	0.0%
KUWAIT TV 3	0.05	0.03	0.18	0.01%	0.0%
KUWAIT TV 4	-	-	-	0.00%	0.0%
AL FAJER	0.09	0.03	0.24	0.01%	0.0%
ARMENIAN TV	0.02	0.01	0.05	0.00%	0.0%
FAYHA'TV	0.03	0.02	0.12	0.01%	0.0%
NBN	0.12	0.04	0.37	0.02%	0.0%
AL JADEED	0.88	0.26	3.61	0.20%	0.0%
TELE LIBAN	0.03	0.02	0.08	0.00%	0.0%
OMAN TV	0.19	0.06	0.84	0.05%	0.0%
ABU DHABI TV	6.91	2.25	51.87	2.80%	6%
AL ARABIYA	21.38	4.73	99.75	5.39%	3.50%
AL HURRA TV	0.13	0.04	0.45	0.02%	0.0%
AL JAZEERA	11.72	2.52	63.61	3.44%	2.60%
AL JAZEERA SPORTS	2.16	0.64	13.62	0.74%	0.25%
AL MEHWAR	1.53	0.74	7.08	0.38%	0.0%
ART VARIETIES	0.01	0.01	0.07	0.00%	0.0%
BAHRAIN TV 1				0.18%	1.30%

	0.87	0.37	3.26		
MBC 2	17.17	6.40	151.19	8.17%	9.82%
CNBC ARABIA	0.74	0.18	3.72	0.20%	3.10%
DREAM 1	1.24	0.26	5.38	0.29%	0.77%
DREAM 2	2.09	0.75	10.95	0.59%	1.10%
DUBAI TV	6.69	1.97	54.94	2.97%	8.20%
ESC	0.61	0.16	3.18	0.17%	0.0%
FUTURE INTERNATIONAL	2.02	0.71	16.55	0.89%	1.80%
HEYA TV	0.07	0.02	0.23	0.01%	0.0%
IQRAA	1.21	0.15	4.89	0.26%	0.0%
KUWAIT TV 1	0.73	0.18	3.26	0.18%	0.0%
LBC SAT	12.52	6.88	93.41	5.05%	11%
MAZZIKA	0.43	0.07	1.38	0.07%	0.60%
MBC 1	46.47	14.28	369.94	19.99%	19.50%
MELODY ARABIA	0.61	0.08	2.01	0.11%	0.40%
NAGHAM	0.02	0.01	0.03	0.00%	1.50%
DUBAI ONE TV	0.77	0.14	3.52	0.19%	2.80%
ROTANA MUSIC	3.83	1.00	26.31	1.42%	3.80%
SPACETOON	1.83	0.35	9.54	0.52%	5.10%
STAR ACADEMY	2.12	0.40	13.11	0.71%	0.50%
STRIKE	-	-	-	0.00%	0.0%
SYRIA SATELLITE	0.60	0.16	2.80	0.15%	0.0%
ZEN TV	0.01	0.01	0.01	0.00%	0.0%
QATAR TV 1	1.06	0.27	3.92	0.21%	0.0%

SYRIA TV 2	0.15	0.04	0.61	0.03%	0.0%
AJMAN TV	0.07	0.04	0.38	0.02%	0.0%
SAMA DUBAI	1.29	0.38	4.60	0.25%	1.83%
DUBAI SPORTS CHANNEL	0.38	0.07	1.57	0.09%	2%
EMIRATES TV	0.43	0.12	1.63	0.09%	1%
SHARJAH TV	0.49	0.20	1.80	0.10%	0.0%
MBC 3	4.84	0.98	27.51	1.49%	0.90%
MBC 4	4.30	1.00	29.52	1.60%	2.60%
AL EKHBARIA	3.43	0.71	15.06	0.81%	3%
ROTANA CLIP	1.19	0.14	4.04	0.22%	0.10%
ABU DHABI SPORTS CHANNEL	0.14	0.04	0.60	0.03%	1.20%
ALFA BANGLA	-	-	-	0.00%	0.0%
ART AL AIN	0.57	0.30	3.29	0.18%	0.0%
AL ALAM	0.09	0.04	0.33	0.02%	0.0%
AL MAJD SATELLITE	5.41	1.51	44.81	2.42%	0.0%
AL OSRA WA TOFEL	0.04	0.02	0.12	0.01%	0.0%
ROTANA CINEMA	8.47	2.48	75.56	4.08%	6.10%
INFINITY TV	0.66	0.15	3.12	0.17%	0.0%
NOUJOUM	0.37	0.08	1.63	0.09%	0.0%
NOUJOUM AL KHALIJ	0.53	0.16	3.17	0.17%	0.0%
ROTANA TARAB	0.38	0.09	1.68	0.09%	0.0%
AL OUSRA	-	-	-	0.00%	0.0%
AL RAI	2.95	0.55	12.67	0.68%	2.33%
ART AL ALAMIA				0.01%	0.50%

	0.02	0.01	0.10		
ART AL HIKAYAT	0.59	0.12	3.51	0.19%	0.50%
ART TARAB	0.08	0.04	0.28	0.01%	0.50%
ART MOVIES	-	-	-	0.00%	0.50%
ART SPORTS 1	1.23	0.52	8.77	0.47%	0.50%
ART SPORTS 2	0.69	0.27	4.20	0.23%	0.50%
ART TEENZ	0.23	0.06	1.37	0.07%	0.50%
BLUE NILE	0.06	0.03	0.21	0.01%	0.0%
CARTOON NETWORK	0.01	0.01	0.02	0.00%	0.0%
CINEMA CITY	0.06	0.03	0.23	0.01%	0.0%
CNN	0.14	0.03	0.41	0.02%	0.0%
DISCOVERY CHANNEL	0.08	0.04	0.38	0.02%	0.0%
DISNEY CHANNEL	0.06	0.02	0.28	0.01%	0.0%
CH1	0.55	0.14	2.68	0.14%	2.20%
CH2	0.05	0.03	0.13	0.01%	1.50%
ETV CHANNEL	0.01	0.01	0.03	0.00%	0.0%
FUN CHANNEL	-	-	-	0.00%	0.0%
GLOBAL TV	0.01	0.01	0.06	0.00%	0.0%
HALLMARK	0.03	0.02	0.08	0.00%	0.0%
HOLLYWOOD	-	-	-	0.00%	0.0%
INDIA TV	0.01	0.01	0.17	0.01%	0.0%
IRAN 4	-	-	-	0.00%	0.0%
IRAN TV	0.01	0.01	0.07	0.00%	0.0%
IRAN 2	-	-	-	0.00%	0.0%

IRAN 3	-	-	-	0.00%	0.0%
JAYA TV	0.01	0.01	0.01	0.00%	0.0%
KAIRALI	0.03	0.01	0.18	0.01%	0.0%
MELODY HITS	0.38	0.08	1.52	0.08%	0.40%
MOROCCO	0.03	0.02	0.11	0.01%	0.0%
SHOWMOVIES 1	0.85	0.24	5.93	0.32%	0.0%
SHOWMOVIES ACTION	0.32	0.09	1.87	0.10%	0.0%
MTV ASIA	0.01	0.01	0.02	0.00%	0.0%
MTV EUROPE	0.02	0.02	0.08	0.00%	0.0%
ORBIT MUSIC NOW	0.04	0.02	0.11	0.01%	0.0%
NATIONAL GEOGRAPHIC	0.06	0.04	0.26	0.01%	0.0%
NATIONAL TV	0.02	0.01	0.11	0.01%	0.0%
NICKELODEON	0.00	0.00	0.01	0.00%	0.0%
NILE INTERNATIONAL	0.07	0.03	0.25	0.01%	0.0%
NOVA SCOPE	-	-	-	0.00%	0.0%
ORBIT AD	0.07	0.04	0.47	0.03%	0.0%
ORBIT AL CHABAB	0.06	0.04	0.40	0.02%	0.0%
ORBIT CINEMA 1	0.02	0.01	0.03	0.00%	0.0%
ORBIT AL SAFWA	0.03	0.01	0.09	0.01%	0.0%
ORBIT ESPN	0.02	0.01	0.03	0.00%	0.0%
ORBIT NEWS	0.01	0.01	0.03	0.00%	0.0%
ORBIT SERIES	0.04	0.02	0.42	0.02%	0.0%
ORBIT AL YAWM	0.11	0.05	0.65	0.03%	0.0%
PARAMOUNT				0.01%	0.0%

	0.02	0.01	0.14		
PEHLA	-	-	-	0.00%	0.0%
RAJ TV	0.07	0.03	0.30	0.02%	0.0%
REALITY TV	0.01	0.01	0.03	0.00%	0.0%
SAHARA	0.09	0.02	0.27	0.01%	0.0%
SHOUKATHALI	0.03	0.02	0.14	0.01%	0.0%
SONY TV	0.01	0.01	0.09	0.00%	0.0%
STAR MOVIES	0.03	0.03	0.18	0.01%	0.0%
STAR NEWS	0.01	0.01	0.01	0.00%	0.0%
STAR PLUS	0.01	0.01	0.03	0.00%	0.0%
STAR WORLD	-	-	-	0.00%	0.0%
SHOWSERIES 2	0.03	0.02	0.09	0.00%	0.0%
SUDAN TV	1.34	0.45	7.85	0.42%	0.0%
SUN	-	-	-	0.00%	0.0%
SUPER MOVIES	0.23	0.10	1.30	0.07%	0.0%
TCM	-	-	-	0.00%	0.0%
SHOWSERIES 1	0.09	0.03	0.51	0.03%	0.0%
TV5MONDE	0.08	0.04	0.61	0.03%	0.0%
VIJAY TV	0.01	0.01	0.12	0.01%	0.0%
YEMEN SATELLITE	0.48	0.12	2.08	0.11%	0.0%
ZEE NEWS	-	-	-	0.00%	0.0%
ZEE TV	-	-	-	0.00%	0.0%
AL-KHALIJIAH	0.14	0.04	0.53	0.03%	0.0%
AL WAHA TV	0.38	0.13	1.60	0.09%	0.0%

IN TV	0.08	0.03	0.39	0.02%	0.0%
AL DEERA TV	0.19	0.05	0.78	0.04%	0.0%
ARABIA TRAVEL	0.01	0.01	0.03	0.00%	0.0%
ATC ARAB TOURISM CHANNEL	0.02	0.01	0.07	0.00%	0.0%
ROTANA KHALEEJIAH	1.38	0.25	5.17	0.28%	1.63%
AL ANWAR	0.50	0.16	3.29	0.18%	0.0%
MANARSAT	0.48	0.13	2.56	0.14%	0.0%
AL MAJD KIDS	1.29	0.34	9.82	0.53%	0%
AL MAJD AL-QURAN AL KARIM	2.02	0.48	16.93	0.92%	0.0%
SMART WAYS	0.03	0.01	0.15	0.01%	0.0%
AL AQARIYA	0.09	0.03	0.26	0.01%	0.0%
NILE SPORT	0.07	0.03	0.53	0.03%	0.0%
AL WADI	-	-	-	0.00%	0.0%
ROTANA ZAMAN	0.52	0.14	2.61	0.14%	0.0%
FLASH	0.13	0.06	0.75	0.04%	0.0%
JORDAN SAT	0.11	0.04	0.36	0.02%	0.0%
MELODY AFLAM	4.14	1.68	45.12	2.44%	1.48%