



CREATIVE
CULTURE

HOW NEW REFORMS WILL AFFECT THE KSA MEDIA LANDSCAPE

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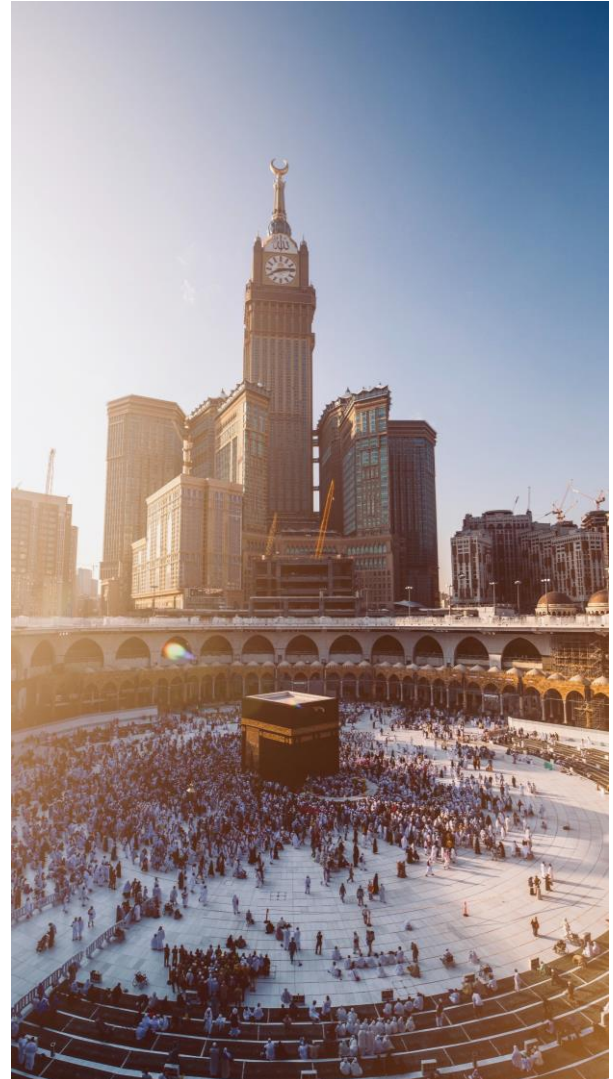
INTRODUCTION



On 21st June 2017, Mohammad bin Salman (MbS), was appointed Crown Prince and heir to the Saudi throne. Also holding the titles of Deputy Prime Minister, President of the Council for Economic and Development Affairs and Minister of Defense, MbS is credited with holding executive power in Saudi Arabia, despite not being King.

Backed by his father, the young prince has recognised the need for KSA to diversify its economy (which currently relies heavily on oil revenues) and introduce progressive social reforms to a state that is governed by a conservative ideology known as Wahhabism.

In an effort to push forward these reforms, Saudi Vision 2030 was announced on 25th April 2016. Created in collaboration with McKinsey & Company consultants, the initiative seeks to increase the role of the private sector, reduce bureaucracy and return Saudi Arabia to moderate Islam. Saudi Vision 2030 represents the long term goals of MbS; however, more immediate goals have been given a deadline of 2020. Summarised in the National Transformation Plan, or NTP, these targets focus on creating greater transparency in government and increasing the role of women in the workplace.



Special thanks to Roula Khatib for her insights on the topic.

HISTORICAL CONTEXTUALISATION



In order to effectively grasp the future impact of MbS's new reforms, we must first contextualise Saudi society over the past 30 years. Since 1979, Saudi Arabia has been under the rule of ultra-conservative religious doctrines.

Control can be traced back to 1979, when religious extremists stormed Mecca, temporarily seizing control of the Grand Mosque from the House of Saud. As a result, the Saudi King at the time awarded more power to religious police, and imposed a stricter enforcement of Sharia law, motivated by the view that Saudi society was becoming too 'Westernised'. During the 1960s and 70s, Saudi Arabia enjoyed a relatively liberal social environment. Women were not required to cover their heads and could drive cars, music and sports were taught to both boys and girls, cinema and radio featured both sexes and men and women interacted openly, without today's stigma of 'mixing'.

This political event had a dramatic effect on the media landscape in KSA, as various regulations and laws were imposed that put forward the rules governing print media (newspapers, magazines and foreign publications). New technologies taken for granted in the West, such as TV, radio, satellite dishes and cameras, were considered taboo.

MbS describes his new reforms as an 'awakening' from the past 30 years of Saudi religious extremism. He asserts that *"We will not spend the next 30 years of our lives dealing with destructive ideas. We will destroy them today. Saudi Arabia was not like this before 1979. We want to go back to what we were, the moderate Islam that is open to all religions. We want to live a normal life"*. MbS's revolutionary plans can be split into two different categories: economic and social.



ECONOMIC REFORMS



Public to private

KSA relies heavily on oil to fuel its economy. Forbes' profile on the kingdom's economy provides specific stats that demonstrate this dependency – 87% of budget revenues, 42% of GDP and 90% of all export earnings are attributed to petroleum. Although this money has helped to transform the country and empower its elite, it isn't sustainable in the long term. Current trends suggest that these revenues will continue to diminish, meaning that a new source of economic dependency will need to be found. The Crown Prince has expressed a desire to make the economy more dependent on the private sector, which will eventually become its main source of income.

Furthermore, the public sector currently employs a disproportionate amount of the population – around 70% of all Saudi citizens – and controls many of the key industries in the country. According to Reuters, the government aims to raise \$200 billion through privatisation initiatives by 2030, and by 2020 aims to have balanced its deficit through the privatisation of 100 potential projects across various industries. Examples include the national football league, General Mills flour silos, and state-owned petroleum company Aramco, which will all be partially privatised to raise funds for the various structural projects. Notably, MbS will be selling a 5% stake in Aramco; valued at two trillion dollars, even a 1% sale would qualify its partial privatisation as one of the largest IPO's on the planet.

Though citizens enjoy benefits such as no income tax, and Saudi companies are not taxed on their profits, most goods will incur a 5% tax levy in an effort to balance the deficit caused by the recession, which hit in 2014 and was caused mainly by a slump in oil prices.

As part of the NTP's plans for economic diversification, the Saudi government has invested \$879.8 million into the culture and media sector. MbS has also appointed new ministers who have been tasked with the restructuring and reshaping of the Saudi media landscape. As part of this budget, several project have already been outlined, including the creation of a 166 million dollar creative hub called Saudi Media City, \$32 million allocated for investing in broadcasting facilities and the creation of 300 new cinemas by 2030.

The cinemas, which began to open in Spring 2018, have been notably absent from Saudi culture since the 1980s. Their re-introduction to the country is expected to contribute \$24 billion to the economy, in addition to creating 30,000 new jobs by 2030. In April 2018, America's largest cinema chain, AMC, was awarded the first cinema operating license issued by the kingdom in 35 years.

Conceived to encourage Saudi citizens to spend more money domestically, these new entertainment initiatives will present unmissable opportunities for advertisers.

Tourism

Tourism has been the focus of many economic reforms and the Saudi government has revolutionised its visa regulations to finally allow tourist visas to the country. Furthermore, for the first time ever, women over the age of 25 will be able to apply for a 30-day entry-only tourist visa, without the need for a chaperone. April 2018 saw the first tourist visas granted and by 2030, the country hopes to attract around 30 million tourists.

ECONOMIC REFORMS



All this has been done in an effort to raise awareness of Saudi Arabia's nation branding. According to regional news source Zawya, nation branding is meant to *"build, manage and improve a country's image"*, and *"is designed to make a nation politically, economically and culturally more competitive in the world"*. The Ministry for Culture and Information aims to improve public perceptions by 58% and increase positive media concerning KSA.

As part of its tourism initiative, the government is investing in three projects: Qiddiya, an entertainment resort 2.5 times the size of Disney World, Neom, a high-tech eco-tourism resort, and the Red Sea Project, a resort made up of 50 islands and built in collaboration with Egypt and Jordan. As each comes to fruition, Arab News estimates an increase in ad spend and investment – a welcome development following the country's 30% drop in ad spending from 2015-2017 – as well as more effective communications. Faisal Shams, Managing Director of OMD Arabia, argues that a weakened economy, combined with government budget cuts, has been the likely cause of the previous years reduced ad spend. However, Assaad Kassis (GM of UM Saudi Arabia) believes that such projects will encourage both global and local investors to the Saudi economy, in turn resulting in an improved ad spend. Given that KSA is one of the most digitally engaged countries in the world, it's not surprising that the marketing landscape has seen a greater focus on OOH and digital, with an emphasis on social media. As Shams explains, *"The announcement of these projects is often driven by the need to create an impact and alter public perception, hence the reliance on OOH for impact and digital for precision targeting and engagement."*

SOCIAL REFORMS

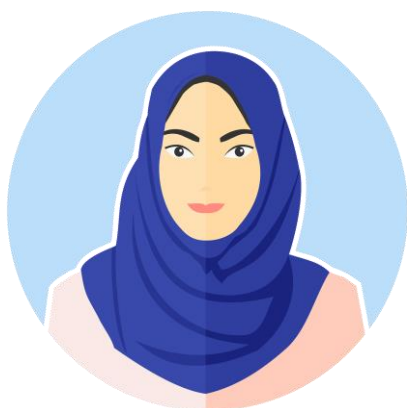


Women's Rights

Social reforms of 2018 have seen women granted civil liberties forbidden for 30 years. Such reforms include, being able to join the military and intelligence services, drive cars, go to the cinema, and attend sports matches. These reforms not only liberate women, but also allow them to play a more pivotal role as consumers, thereby making them an increasingly important target audience for advertisers and marketers.

As a consumer group, the image of women in commercials has skyrocketed. Examples are abundant, particularly in those industries directly affected by the reforms. For example, following the reform on driving, online registration for driving schools saw 165,000 applicants over three days, subsequently igniting the marketing and advertising efforts in the industry.

But not all efforts have been received with open arms. One controversial example comes from Coca-Cola. Entitled "Change has a taste", the ad shows a father teaching his daughter how to drive. While praised by some, critics compared it to the infamous Pepsi ad starring Kendall Jenner, claiming the brand was trying to capitalise on the country's historic moment.



Corruption/ Anti-Corruption

Efforts to crackdown on corruption and save money have seen several government ministers and members of the Saudi royal family arrested. Notable arrests include Prince Alwaleed bin Talal (Chairman of the Kingdom Holding Company) and Waleed al Ibrahim (Owner of MBC and Al Arabia). These two media tycoons control the vast majority of media, not only in Saudi Arabia, but throughout the Middle East, including television networks and radio stations. Many Saudi Arabians fear that as a result, these privately-owned companies – which provides a space for social and cultural debate – may come under state control, which is subject to strict censorship rules.



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CONCLUSION

Saudi Arabia is the largest advertising market in the region, accounting for 40% of all advertising expenditure in the Gulf alone. The Saudis, with their relatively high per-capita income and market-oriented economy, have become the prime target of producers of consumer goods and thus, the best international advertising firms. As we see these new initiatives come to fruition, the opportunities for international brands could be exponential.



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