

3.12 Media and Marketing Sector

Sector Overview

The Kuwaiti market has one of the largest phone and internet penetration rates in the region. The population is young, educated and technology savvy. Most of them have access to social media and other channels and thereby receive and consume a lot of information digitally. Considering the above and the potential for e-commerce and technology in Kuwait, companies/corporations have started migrating towards digital promotion of their products and services.

SUBSECTORS



Digital Media Marketing

Market to reach USD 250 Mn in 2021.



Digital Content Creation

Global Digital Content Creation market size is expected to reach about USD 38.2 Bn by 2030.



Online Portals and Application Stores

USD 900 Mn dedicated for nationwide initiatives to develop the country's digital ecosystem

There is a lot of potential in the country to provide services related to digital marketing, digital content creation as well as application development. The high internet penetration and information consumption provides an ideal situation for providing such services in the country.

3.12.1 Digital Media Marketing

Digital media marketing is the promotion of products and services and associated brands on the internet and through other forms of digital communication, which include Social Media Marketing (SMM), Search Engine Optimization (SEO), Search Engine Marketing (SEM), Email Marketing, Marketing Automation, Digital Advertising and Content Marketing.

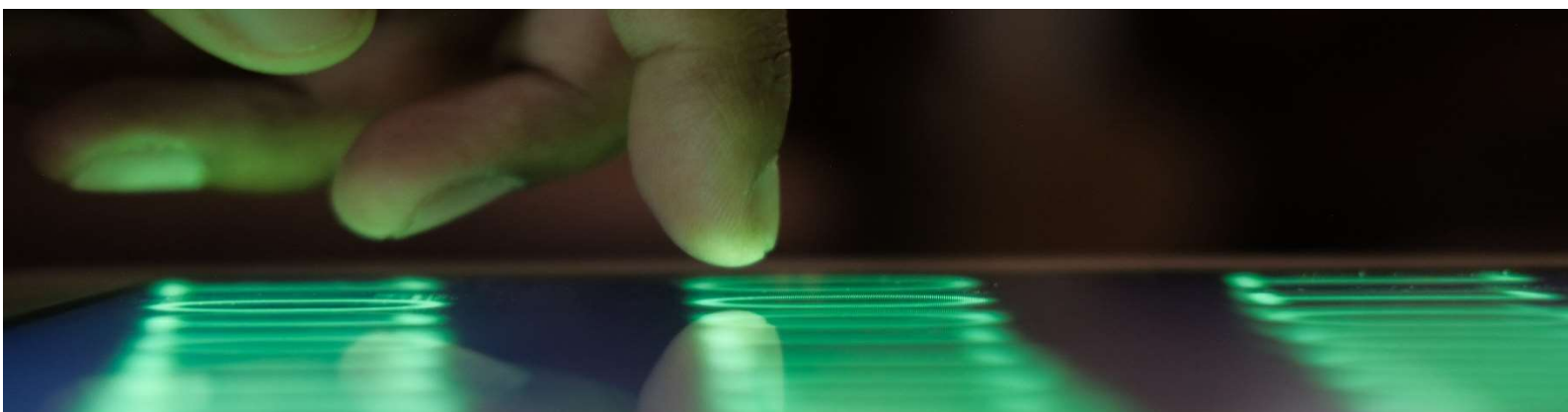
OVERVIEW AND FACTORS INFLUENCING THE MARKET

- The Kuwaiti population is highly educated and prefer to consume information over various digital multimedia platforms.
- In Kuwait, 99.6% of individuals use the internet while mobile cellular subscription was 178.5% per 100 inhabitants, thus having one of the highest mobile and internet penetrations globally.¹
- Kuwait had the third largest advertising expenditure in the GCC, with about USD 480 Mn in advertising spending in 2020.²
- While COVID-19 and its related restrictions caused the linear advertising sales to drop by 20% in 2020 to USD 260 Mn, digital advertising sales grew by 4% during the same period.²
- Existing players within the sector include international firms who mostly cater to in-house digital marketing requirements.
- The top 3 sectors in the MENA Region that use Digital Marketing to drive business includes Hygiene and Beauty care, Food and Telecommunication.

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- Linear advertising sales are expected to increase marginally in 2021 by 4%; however, digital advertising sales are expected to accelerate by more than 10% in 2021 to reach USD 250 Mn.²
- Digital advertising sales are expected to have double digit growth in 2021.²
- The digital advertising space is in its growth phase and has immense potential considering the fact that 97.7% of the individuals utilize the internet on a daily basis.³
- 95.1% of the individuals have social media accounts and the high penetration of social media platforms such as Facebook, Twitter, Snapchat and Instagram coupled with the adoption of multimedia platforms like WhatsApp also provide opportunities within the digital marketing sector.³

Source: ¹CITRA, ²Magna Intelligence, ³IPSOS Group



3.12.2 Digital Content Creation

Digital content creation is the ability to develop written or visual content about topics that appeal to potential consumers. Digital content includes e-books, videos, audios, movies, pictures, and infographics.

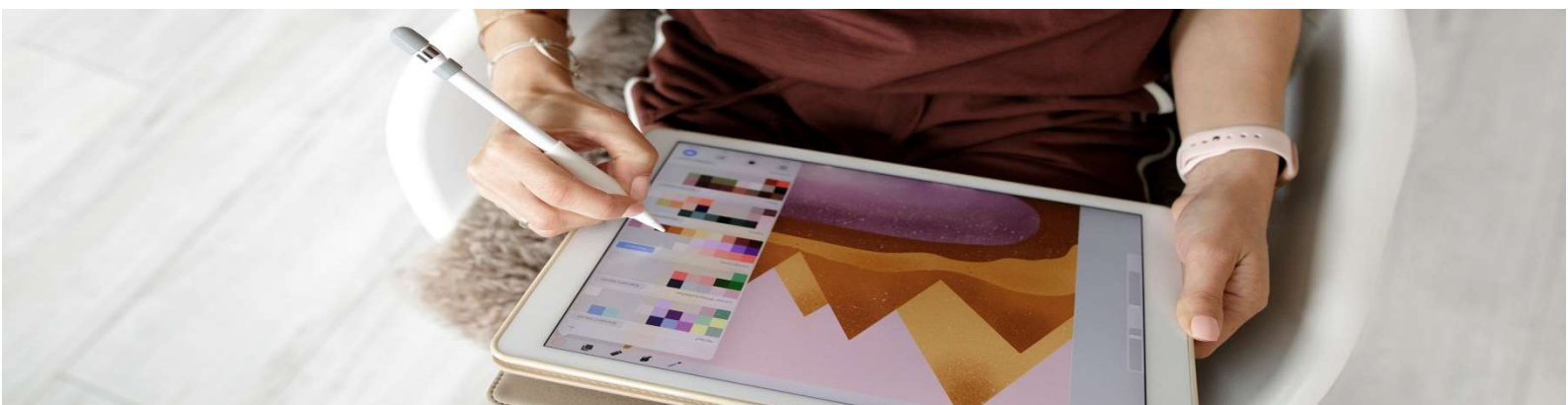
OVERVIEW AND FACTORS INFLUENCING THE MARKET

- The Kuwaiti population is very active on social media and is bombarded by a huge volume of digital content on a daily basis. In fact, 84% of households own a portable device such as laptops and tablets and 76.8% of households own at least one type of smart device such as a smart TV.¹
- The Kuwaiti population is very young (>50% is under the age of 35) most with access to wealth that enables them to own the latest gadgets in the market and access the best internet services available. Thus, there is a high appetite for digital content in the market.
- The advent of Netflix, Amazon Prime as well as TikTok and other interactive applications has created further scope for content creation and consumption in the market. In fact, the most used broadcast playback applications in Kuwait for 2021 was Tik Tok with 35.9% users, followed by YouTube with 32.5% and Netflix at 11.5%.²

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- While Digital Content Creation was introduced among companies trying to promote their products and services pre-pandemic, following the pandemic it has now gathered pace. In fact, the Global Digital Content Creation market size is expected to reach about USD 38.2 Bn by 2030 and is forecasted to grow at an annual growth rate of about 12%.³
- Digital Content Creation in Kuwait is at an emerging stage with few players prevalent in an expanding market.
- The market offers opportunities for investors to launch digital content creation software applications that could help them tap into the market.
- Opportunities are also available for hardware manufacturers to launch products in the market that are compatible with digital content software allowing for technological advances and product improvements.

Source: ¹CITRA, ²Arab Times, ³Presswire



3.12.3 Online Portals and Application Stores

Online Portals and Application Stores provide consumers with access to a large number of products and services. While online portals are usually web based, application stores give consumers the ability to download and operate applications separately onto a device.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- Kuwait has one of the largest internet and mobile penetration rates in the world with 99.6% of individuals using the internet. and mobile subscriptions at 178.5% per 100 inhabitants.¹
- Kuwait has dedicated over \$900M in the year 2020 specifically for nationwide initiatives that will directly contribute to a stronger digital ecosystem and transform the country's infrastructure.²
- Kuwait has witnessed substantial growth in e-commerce in the past years with a number of locals launching successful companies in Kuwait and the Middle East. Some of them include Talabat, Carriage, Boutiqat, Myfatoorah, Floward and Just Clean.
- A number of existing local and international businesses in Kuwait have also gone digital and launched online portals and applications to promote the sale of their products and services.
- The local population has willingly accepted e-payments as a mode of settling financial transactions, which has further boosted e-commerce in the country.
- A number of young Tech Entrepreneurs are launching new products and services in the market actively encouraged, financed, and supported by venture capitalists and the government.
- Following the pandemic, the government of Kuwait launched a number of its services digitally through portals and application stores thereby showing the intent to adopt technology in the public sector. The initiatives include applications such as Sahel, Shlonik, Kuwait Mosafer, Kuwait Mobile ID and Immune.

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- Kuwait has a young population which is educated, well informed and decisive in adopting new technology. They will ensure sustained demand for products and services launched in the digital domain.
- Investors have opportunities to participate as venture capitalists with entrepreneurs in Kuwait, funding the initial stage of the business during the growth phase and exiting at high valuations when the business becomes viable in the future.
- Investors also have the opportunity to self-finance their own ventures and launch products and services digitally in sectors most promising in Kuwait as well as acquiring successful ventures.

Source: ¹CITRA, ²KFAS