MediaWeek

Middle East ad market regains its promise

The EMEA region is slowly clawing its way back from the brink of a deadly advertising slump to emerge as a hub for creativity, with pockets of rapid media growth

UK media executives still reeling from the savage downturn of the last two years can take comfort from the fact their troubles don't even come close to what their colleagues in the Middle East have endured in the same period.

Ben Flanagan, who moved to the region four years ago to edit Media Week Middle East, recalls: "The boom back then was absolutely incredible.

"There was an absolute frenzy of advertising, driven by the property and retail sectors. It peaked in 2007 when you had single billboards on major highways renting for $1m a year."

But the fall since the boom days of 2007 has been precipitous, with the recent news that **ENG is to cease magazine publication** yet another sign of the troubles besetting this once-thriving media industry.

Estimates of the extent of the downturn vary. But according to Yves-Michel Gabay, head of business development for MEC Middle East and North Africa (MENA), there has been a net decrease in adspend of 20% since the peak of the boom.

Michael Nederlof, chief executive of Aegis Media for MENA, says: "In 2009, media spend in real estate plummeted from $80m to $25m. For some time, it looked as though the media market might not find a way back from the brink."

Deadly media slump

The savage downturn has hit the region's media agencies hard: in Dubai alone, 170 agency licences were revoked in 2009.

Imad Kublawi, regional partner, MENA, for Results International, says: "A number of the independent agencies have closed, and many of the networks have scaled back their operations, resulting in several waves of redundancies. Clients are simply not spending in the way they used to and many agencies have problems with cashflow."

However, there have been one or two bright spots among the gloom. For one thing, adspend has risen 9% over the past year and 2009 is now widely perceived as the bottom of the market. Furthermore, the collapse in spend by the property sector has allowed FMCG and communications brands to start advertising.

The slump has also generated a greater emphasis on quality. Nederlof from Aegis says: "Media content has improved. International owners have worked harder to localise their content according to the target audience, most notably Yahoo's acquisition of Arabic portal Maktoob."

He adds: "This year's Cannes Festival also proved the rising quality of ad agencies in the region. Egypt in particular has been hailed as the new creative hub for the Middle East, with new agencies such as Advantage winning awards at Cannes."

Some media businesses have even succeeded in the past two years. In 2008, the FT launched a Middle East version with three journalists based in Abu Dhabi and one in Dubai, and the edition has trebled its circulation in two years.

"The region will have its ups and downs," says Adrian Clarke, the FT's publisher for Continental Europe and MEA. "But we're optimistic for the future overall."

Fast-growing markets

When most people look at the MEA region, they think of the United Arab Emirates and Dubai and, since the World Cup, South Africa. But Clarke observes that Qatar and Bahrain are fast-growing markets, while Egypt is emerging as a major regional economy.

Nederlof from Aegis notes the Saudi Arabian government is opening up its markets and has invested approximately $900bn in developing its social and economic structure. He believes that Saudi Arabia's population of 24 million and average age of 18 makes it a highly attractive market for advertisers.