Mtv networks: the arabian challenge

Technology, Computer

MTV Networks: The Arabian Challenge TEACHING NOTE ABSTRACT Co p y MTV Networks (MTVN) had over the years developed a reputation for its ability to provide localized content without diluting what MTV stood for. However, the company faced the most challenging test in late 2007 with its launch of MTV Arabia in the Middle East, which some experts considered as the biggest launch in the channel's history.

While the market in the Middle East offered MTVN with huge opportunities due to its huge youth populace, MTV's controversial content that was known for angering religious, political, and conservative communities could easily backfire in the conservativeenvironmentprevalent in the region. On the other hand, too much localization to suit the tastes of the region could dilute MTV's global brand. The case discusses in detail the strategy adopted by MTVN to enter and expand in the Middle East and also the challenges faced by the channel. The case will help the students to: t TEACHING OBJECTIVES & TARGET AUDIENCE Understand the issues and challenges in entering and expanding operations in new markets which were culturally different from the organizations home/traditional/existing markets. • Understand the pros

and cons of entering a new market with a standardized/adapted product to suit local preferences. • Analyze MTVN's strategy in the Middle East, identify challenges and explore strategies that the channel could adopt in the future D o N • This case is meant for students of the MBA/MS level programs in the Business Strategy curriculum.

The case is also suitable for International Business/International Marketing/Brand Management curriculum. TEACHING APPROACH AND STRATEGY This case can be used effectively in classroom discussions as well as in distance learning programs. In the classroom mode, the case moderator can initiate the discussion by giving a brief introduction about the MTV and the channels experience in global markets. This can be followed by a discussion on the localization strategy adopted by MTV in various markets and the challenges it faced while lauching in the Middle East.

The students can further analyze the strategy adopted by MTV in the Middle East and the challenges it faced in expanding its operations in the region. The moderator can take the discussion further with the help of the following questions. 1 MTV Networks: The Arabian Challenge 1. Experts felt that one of the biggest challenges faced by MTV while launching MTV Arabia was the prevalentculturein the Arab world. Discuss the Arab culture. How is it expected to pose a challenge to MTV? 2. Critically analyze MTV's strategy in the Middle East.

Comment on its entry strategy and also its strategy of providing mixed content to the market. Do you think MTV will be able to succeed in this market? Suggested Student Assignment: Do a SWOT analysis of MTV Arabia.

What should the company do to mitigate the risks while taking advantage of the opportunities presented by the market? ANALYSIS 1. Experts felt that one of the biggest challenges faced by MTV while launching MTV Arabia was the prevalent culture in the Arab world. Discuss the Arab culture. How is it expected to pose a challenge to MTV?

The Arab world contains 22 countries – Algeria, Bahrain, the Comoros Islands, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Mauritania, Oman, Palestine, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, United Arab Emirates (UAE), and Yemen – and stretches from Morocco across Northern Africa to the Persian Gulf. The Arab world derives its strategic importance from the fact that around 60% of the earth's oil reserves are at or near the Arabian Peninsula. For MNCs, the Arab world's teeming youth population is another attraction. In the Middle East, 65 percent of the people are under 25 years of age.

When compared with the demographics in Western countries, this fact has strong implications for businesses. N ot The Arab countries are religiously and ethnically diverse. The Arab world is a location of several world religions (Islam, Christianity, and Judaism) and a multitude of ethnic and linguistic groups. However, the predominant religion is Islam, and Arabic the dominant language. To be an Arab is a cultural trait rather than a racial one. Arab history and culture are based on tribalism. Some aspects of Arab culture are discussed here: Arab Worldview – It is based upon six concepts:

Atomism: Arabs tend to focus on parts rather than on the whole. They tend to see the world and events as isolated incidents, snapshots, and particular

moments in time. • Faith: Arabs usually believe that almost all things in life are controlled by the will of God (fate) rather than by human beings. • Wish Vs Reality: Arabs express emotion in a forceful and animated fashion. Their desire for modernity is contradicted by a desire for tradition (especially Islamic tradition). • Importance of Justice andEquality: Arabs value justice and equality among Muslims, and to a lesser degree to others.

All actions taken by non-Arabs will be weighed against tradition and religious standards. •FamilyVs Self: Arabic communities are tight-knit groups made up of even stronger family groups. Arabs tend to consider family pride and honor more important than individual honor. • Paranoia: Many in the Arab world tend to be suspicious of any Western interest in or intent on their land. D o • 2 MTV Networks: The Arabian Challenge Arab Customs • Shame and honor: Honor, pride, and dignity are at the core of " shame" societies, such as the Arabs.

For instance, admitting an error or lack of knowledge on a subject is distasteful to an Arab, as any admission of weakness (muruwwa) is equated withfailureto be manly. Constructive criticism can, therefore, be taken as an insult. • Family: The family is the center of honor, loyalty, and reputation for Arabs. Arab families are patriarchal in nature. • Personal space: It is a high-contact culture. Most Arabs do not share the American/Western concept of " personal space" in public situations, and in private meetings or conversations. Stepping or leaning away may be taken as an offense.

However, the rules are exactly the opposite while dealing with women. • Socialization and trust: Arabs give a lot of importance to hospitality and

allocate plenty of time for refreshment before attempting to engage in business. It is important to first establishrespectand trust. When conducting business, it is customary to first shake the hand of all males present, taking care not to grip too firmly. Western Co p Arab y Arab Perspective Vs. Western Perspective Center of everything. (Father has first and last word.) Important but not as central to individual. Friends

Periphery, but courteous to all. Core to some, important to most. Honor Very important amongst Arabs. Honor will be protected and defended at all costs. Typically not as important. Shame Shame (especially concerning family) – avoided at all costs, insults and criticism taken very seriously. Typically not as important. Time Less rigid. Approach to time is much more relaxed and slower than that in Western cultures. Very structured, deadlines must be met. Religion D o N ot Family Central to all things. Varies with individuals, very personal, not discussed in polite conversation.

Society Family / tribe is most important Individual rights. Government Most governments are secular, but still emphasize religion. Purpose is to protect rights and improve standard of living. Age Age and wisdom honored. Youth and beauty praised. Wealth Wealth honored in both cultures. Wealth honored in both cultures. Adapted from http://graphics8. nytimes. com/images/blogs/thelede/posts/arabculture. pdf However, it must be emphasized that there is no " one" Arab culture or society. The Arab world is full of rich and diverse communities, groups, and cultures.

Differences exist not only among countries, but within countries as well. For instance, though Arab women are typically subordinate to men in their

societies, the extent varies by country. The most restrictive conditions exist on the Arabian Peninsula, and the most relaxed conditions exist in the urban areas of Egypt, Syria, and Lebanon. Moreover, what may be acceptable in cosmopolitan Dubai may not be acceptable in other parts of the UAE. 3 MTV Networks: The Arabian Challenge Any discussion regarding the culture of a group cannot get under way without some amount of generalization.

However, while generalizations provide some insights on culture, they should be treated with caution and one should steer clear of stereotypes and misconceptions. Many feel that young people irrespective of their culture and nationality have similar tastes wheremusic, clothes, computers, and issues with their parents are concerned. For instance, a recent study of Arab and Western youth, carried out by Penn, Schoen, and Berland Associates Inc. and The Nielsen Company, found numerous similarities between the two groups. Both Arab and Western youth placed equal importance on family and friends.

Their consumer and lifestyle habits were found to be quite similar with both the groups indulging in similar activities, using similar technologies and having similar lifestyle habits. Both worried about their appearances and spent the majority of their disposable incomes on going out and shopping for clothes and shoes. Global brands such as Sony, iPod, Toyota, Nike, Nokia, Toshiba, McDonald's, and Ford were viewed favorably by both the Arab and Western young people, and both viewed Europe as the top desired travel destination. However, the study also revealed certain differences.

Some of the key differences identified are given here. Western youth were found to be generally pessimistic about the future, while Middle Eastern youth were generally optimistic. • Religion was seen to be " enormously important" to Middle Eastern youth when compared to their Western peers. • National identity and traditional values were extremely important to Arab youth, but not to their peers in the West. For Arab youth, " loss of traditional values and culture" was identified as one of the top three biggest challenges facing the world today, along with rising cost of living and corruption in government. •

Arab youth generally admired political, religious, and business leaders, while Western youth do not. • Arab youth wanted to " make a difference," while Western youth mostly wanted to " get ahead. " • Middle East and Western male youths had very different opinions aboutgender equalityin the workplace, with less than 6 in 10 Middle East males favoring it. 1 o N ot Co p y • D MTV and the challenges posed by the prevalent culture MTVN had recognized the huge opportunity for growth in the Middle East. Considering that MTV was a youth brand, entering the market provided MTVN with the opportunity to tap the teeming youth population in the region.

However, the main challenge the network faced was with regard to its controversial content. Its sexually explicit content had created controversies even in the Western markets, considered to be more tolerant. In view of the culture prevailing in the Arab world, the MTV fare was expected to kick up a storm. The culture in the largely Muslim Arab world is conservative. Gender separation is a key aspect of the culture and women are required to maintain

their distance from men. Any public display of intimacy between men and women is strictly forbidden by the Arab social code.

Women have little role in business or entertainment. They are also expected to cover their whole body, head, and face with veils/robes for reasons of modesty. The honor/shame aspect of the culture also implies that people who do not adhere to these rules bring shame to the family/tribe. Arabs have been known to react violently in such situations, with instances of honor killings also being reported. They also 1 " The Global Generation: A http://arabyouthsurvey. com/about. html. Cross-Cultural 4 Study of Arab and Western Youth," MTV Networks: The Arabian Challenge ake insults and criticism very seriously and can react in an extreme way to what they perceive as an insult. For instance, calling someone a ' dog' or showing the sole of the feet are considered grave insults and can evoke extreme reactions. So, it's not particularly difficult to see why MTV had a major challenge on its hands. Its content (music videos and reality shows) could offend the cultural sensibilities of people in the Arab world especially in terms of Excessive skin show • Intermingling of genders • Use of disparaging or swear words • Off-color or obscene attempts at humor References to alcohol • Discussion on religion, politics • Gestures such as finger pointing, showing the soles of feet, etc. y • ot Co p Another challenge before MTV was that the Arabs were generally considered paranoid by Western standards and they tended to be suspicious of any Western interest. MTV, in a way, stood for what the Arab world most reviled about Western/American culture. While MTV might argue that the values that it stood for were relevant to

youth throughout the world, it may still be perceived as something contrary to Islamic ideals and the Arab culture.

The launch of MTV in the Arab world could easily be perceived as an imposition of Western culture. Fanatics, or those who pretend to be guardians of Islam, could easily rake up the issue and create a lot of trouble for MTV. To complicate matters, the anti-American sentiments prevalent in a section of the Arab world too could pose steep challenges to MTV. o N One may argue that withglobalizationand the advancements in information andcommunicationtechnology, youth across the globe share similar aspirations and consumption behavior. And that a section of the youth population in the Middle East did want MTV.

However, ignoring the cultural differences is fraught with danger, as the Arab youth consider religion " enormously important" and " loss of traditional values and culture" as a key challenge. D 1. Critically analyze MTV's strategy in the Middle East. Comment on its entry strategy and also its strategy of providing mixed content to the market. Do you think MTV will be able to succeed in this market? Operating internationally is usually fraught with political, technological, and socioeconomic uncertainties. The risks become higher when the company is venturing into a market that is very different from its home country/traditional markets.

We have already seen that the business environment in the Middle East is very different from that in the Western countries. Entering this market with a brand as controversial as MTV was a huge challenge. Nevertheless, MTVN was able to launch the brand in the Middle East without creating any major

controversies and it seemed to be making all the right strategic moves. MTVN's extensive experience in operating in the global market came in handy while overcoming the challenges in entering the Middle East. It scanned the market well and decided on an entry strategy in partnership with a strong local player.

With the help of the local partner, it researched the market further to fine tune its strategy. This helped the network gain important consumer insights and also provided it with the opportunity to allay the doubts/fears of the people on the launch of MTV. In doing so, the network recognized the importance of honor and dignity to the Arabs. This was also a good move as there is a long-standing tradition based on the Quran and the sayings of Muhammad whereby Arabs consult with senior members of the ruling families and/or the community regarding business decisions. 5 MTV Networks: The Arabian Challenge

MTVN's mixed content strategy (combination of music and other content/standardized and localized content) had been quite successful globally. In MTV Arabia, it localized its offering further by offering more Arabic content and also making certain other changes, such as, • Minimal use of content that could cause controversy (skimpily-clad women, use of expletives, etc.). A culturally sensitive team recruited from various countries from the Middle East was given theresponsibilityof ensuring this. This meant that some of the more controversial programs and videos, which are standard fare in other markets, were not aired on MTV Arabia. Arabic equivalents of popular reality shows were launched with careful

consideration of socio-cultural issues. Arabic subtitles were provided for English language content. • Considering that Islam was the dominant religion of the Middle East, MTV also gave an animated call for prayer during Namaaz (prayer) time. During the holy month of Ramadan, MTV Arabia also dropped its music videos. 2 Religion commonly underlies both moral and economic norms. In a region where religion is central to everything, such gestures could create goodwill and insensitivity may lead to extreme reaction. Co p y

In addition to this, MTVN projected MTV Arabia as an Arab channel by the Arabs, which would help bring to the fore the music talent in the Arab world and also give a voice to the Arab youth. It made it clear from an early stage that MTV respected the Arab culture and said that the channel would help debunk various misconceptions regarding Arabs and the Arab world. Its decision to provide the Arab youth with a platform to showcase their talent was a good move considering the Arab youths' desire to " make a difference". ot The role of the local partner was very important, considering the business environment in the Middle East.

The Arab Media Group was very well connected and this helped overcome political and regulatory hurdles to a great extent. It also helped the network gain entrance into Arab homes — a place that is considered very private by the Arabs — and so get consumer insights. D o N All in all, MTVN had an excellent public relations strategy and did megamarketing3 quite well. This not only helped it to tap the growing number of people in the Middle East who were exposed (and accustomed) to the Western lifestyle, but also the

huge youth base that had tastes, preferences, and aspirations similar to their peers in other developed nations.

MTVN's decision to launch Nickelodeon Arabia in 2008 just a few months after the launch of MTV Arabia was another good move. This not only put MTVN in a position to tap the huge population of children in the Middle East, but also helped it strengthen its business relations with the local partner. Needless to say, it also provided MTVN with the opportunity to catch them young. MTV has, thus far, managed its strategy in the Middle East in a commendable way. In a market that was fed on Arabic pop music, it popularized Arabic hip-hop, a blend of Western-style hip-hop with both English and Arabic lyrics.

Its ability to steer clear of controversy is commendable considering the culture in the region. However, while moving ahead, the MTVN faces a number of challenges. The numerous Arab music channels already in the market pose serious challenges to MTV. Many of these channels ape MTV and have very good knowledge of the market and excellent connections, and in such circumstances MTV's strategy to provide a highly localized offering can prove to be disadvantageous. There is the potential threat of brand dilution, and MTV Arabia may actually find it difficult to differentiate itself.

Another problem is the diversity in the Middle East. The network is faced with the question of how to ensure that the youth in Dubai and those in Jeddah relate to it in the same way. 2 3 http://www. arabianbusiness. com/528973-mtv-arabia-to-drop-music-videos-in-ramadan Megamarketing is a term coined by marketing expert, Philip Kotler, to describe the type of marketing

activity required when it is necessary to manage elements of the firm's external environment (governments, the media, pressure groups, etc) as well as the other marketing variables. 6

MTV Networks: The Arabian Challenge Notwithstanding the challenges, MTV with its extensive experience in the global market, seems to be in a good position to consolidate its position in the Middle East. It has been associated (positively and negatively) with bringing about changes in the culture in the markets it is aired. It is known to continuously push the limits (albeit in subtle ways) of what acceptable content is and what is not. For instance, it started out on a cautious note in India, a country in which many of the things that MTV stood for were considered taboo.

The content it airs today in India would have been absolutely unacceptable when it was launched in the 1990s. MTV can do the same thing in the Middle East too. D o N ot Co p y MTVN's strategy in global markets has been to initially tie up with a local partner and in course of time acquire the local company. But in this case, MTVN will be well-served if it adopts a more long term relationship with the Arab Media Group. Arabs value justice and equality among Muslims, and to a lesser degree among others. To cite one example, in late 2002, an unidentified man walked into a McDonald'sfast foodrestaurant in Saudi Arabia and set it on fire.

The country's interior minister was quoted as saying, " It's an attack against the property of a Muslim, which constitutes an unacceptable act that we will fight using all possible means. " 4 So, the risks associated in doing business in the Middle East could be significantly lower with a local partner. 4 "

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