

Market overview & trends

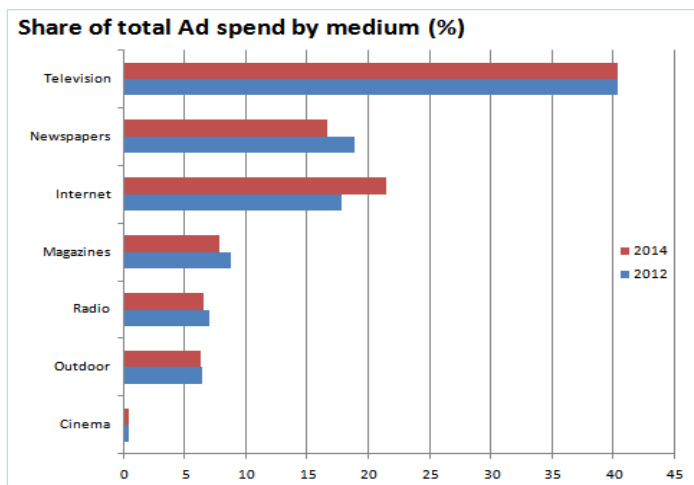
- Market overview
- Trends



Market overview & trends

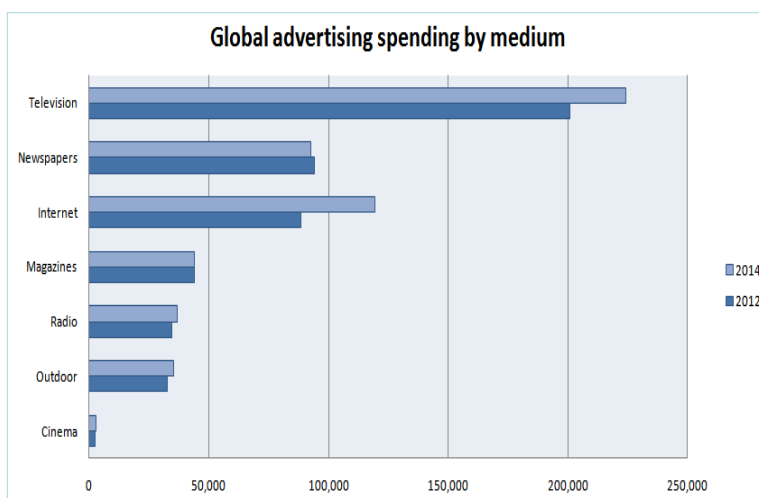
- Worldwide market for digital goods will increase from \$16.7B in 2009 to \$36B by 2014 (around 56%).
- Advertising remains the major source of revenue
- Many software developers and game publishers are collecting revenues from the direct sales of content
- Social media is a major driver:
 - Facebook with almost 1 billion users with a good share for the Arab countries
 - Qatar, Palestine, Jordan and Lebanon show a penetration of over 100% in the connected population.
 - Twitter is handling traffic of 200 million original tweets a day

Market overview & trends



Source: Zenith Optimedia

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Market overview & trends

Market overview:

Google, Facebook and TV advertisement revenue comparative

Social Medium	Advertisement Spending 2011 (in billions)	Spending Growth	Cost per Mille (CPM)
Google	\$36.9	24.5%	N/A
Facebook	\$3.8	104%	\$3.80
Television	\$60.5	2.5%	\$14

Sources: Thomson Financials, EMarketer, Media Dynamics

Market overview & trends

Trends:

Interactive Marketing Forecasts (US) 2011 - 2016

	2011	2012	2013	2014	2015	2016	CAGR
Social media	\$1,590	\$2,119	\$2,760	\$3,453	\$4,217	\$4,995	26%
Email Marketing	\$1,510	\$1,694	\$1,875	\$2,066	\$2,262	\$2,468	10%
Mobile marketing	\$1,652	\$2,777	\$4,238	\$5,697	\$7,057	\$8,237	38%
Display advertising	\$10,949	\$12,860	\$16,085	\$19,783	\$23,919	\$27,600	20%
Search marketing	\$18,756	\$21,553	\$24,613	\$27,515	\$30,433	\$33,319	12%
Total	\$34,457	\$41,003	\$49,571	\$58,514	\$67,888	\$76,619	17%
Percent of all as spend	19%	21%	25%	29%	32%	35%	

Source: Forrester Research



Business models for the DAC industry

- Brokerage
- Advertising
- Infomediary
- Merchant
- Manufacturer (Direct)
- Affiliate
- Community
- Subscription
- Utility
- Venture capital-fast growth-exit model



Business models for the DAC industry

- The business models discussed are those published by Michael Rappa in 2004 and updated in 2010.
- They are many which reflect the evolution of e-commerce during the dot-com bubble, while including the challenges of reach, traffic and electronic payments.
- Business models are almost all known.
- Choosing and implementing the right model, or the right combination of models, will provide companies with several sustainable revenue sources.

Business models for the DAC industry

Brokerage:

- This involves bringing buyers and sellers together, brokers facilitate business transactions and are then considered as market-makers. Examples of such a model include:
 - Marketplace Exchange ([Orbitz](#), [ChemConnect](#), [Monaqasat.com](#))
 - Buy/Sell Fulfillment ([CarsDirect](#), [Respond.com](#), [delivery.com](#))
 - Demand Collection System ([Priceline.com](#), [kayak](#))
 - Auction Broker ([eBay](#))
 - Transaction Broker ([PayPal](#), [Escrow.com](#))
 - Distributor ([souq.com](#), [La Redoute](#), [3 Suisses](#))
 - Search Agent ([BizRate](#))
 - Virtual Marketplace ([zShops](#) and [Merchant Services at Amazon.com](#))

Business models for the DAC industry

Advertising:

- This includes website banners/impressions or services such as emails, instant messenger and blogs. This model is an extension of the conventional media industry advertising model. In this case, the web site becomes the broadcaster and the digital content provided becomes the material that will be supported by the various advertising approaches. Examples of such a model include:
 - Portal ([Genome from Yahoo!](#), [Maktoob](#), [Arabia Online](#))
 - Classified ads ([Monster.com](#), [Craigslist](#))
 - User Registration ([NYTimes](#), [Le Monde](#), [MediaPart](#))
 - Query-based Paid Placement ([Google](#), [Yahoo](#))
 - Contextual Advertising / Behavioral Marketing
 - Content-Targeted Advertising ([Google](#))
 - Intracommercials ([CBS MarketWatch](#), [Zite](#), [Flipboard](#))
 - Ultracommercials ([Salon](#) in cooperation with [Mercedes-Benz](#))

Business models for the DAC industry

Infomediary:

- Short for [information intermediaries](#), are rewarded by referrals. Infomediary companies assist buyers and/or sellers in understanding a given market, product or service, by gathering all relevant information. Examples of such a model include:
 - Advertising Networks ([AdSense](#), [DoubleClick](#))
 - Audience Measurement Services ([Nielsen//Net-ratings](#), [Semiocast](#), [SocialBakers](#))
 - Incentive Marketing. ([Coolsavings](#), [Groupon](#))
 - Metamediary ([Edmunds](#))

Business models for the DAC industry

Merchant:

- Is a wholesaler or retailer that provides goods and services online. A sale of real products is based on list prices or on auctions. Examples of such a model include:
 - Virtual Merchant ([Amazon.com](#), [Adab wa Fan](#), [Al Rifai Nuts Online](#))
 - Catalog Merchant ([Lands' End](#), [La Redoute](#))
 - Click and Mortar ([Barnes & Noble](#), [Antoine bookstore online](#))
 - Bit Vendor ([Apple iTunes Music & Apps Store](#))



Business models for the DAC industry

Manufacturer (direct):

- Also known as the 'direct model', where the manufacturer uses the power of the web to directly address customers, including purchase, lease, license, brand integrated content etc. By doing so, manufacturers who are the original producers of products can reduce the sales cycle. Examples of such a model include:
 - [Dell](#)
 - [Sony](#)



Business models for the DAC industry

Affiliate:

- The affiliate model aims to allow purchasing opportunities at the locations where people are surfing. Incentives for sales are provided for affiliate sites, to sell products from 'distribution' sites specialized in certain lines of products. The affiliate site provides purchase possibilities by clicking through items that will redirect users to the merchant including banner exchange, pay-per-click, revenue sharing etc. Examples of such a model include:
 - [Amazon.com](#)
 - [Antoine bookstore online](#)

Business models for the DAC industry

Community:

- The feasibility of the community model is related to user loyalty. As users invest time and energy in community related content. The model may propose the sale of auxiliary products and services or ask for one way contributions.

Examples of such a model include:

- Open Source ([Red Hat](#))
- Open Content ([Wikipedia](#))
- Public Broadcasting ([The Classical Station \(WCPE.org\)](#))
- Social Networking Services ([Flickr](#), [Facebook](#), [Google+](#))

Business models for the DAC industry

Subscription:

- This model can only be applicable for premium content that is not accessible by other means, such as business applications, business intelligence, market surveys etc. Users are charged a periodic subscription to access the service. Examples of such a model include:

- Content Services ([Listen.com](#), [Netflix](#), [hulu](#), [CineMoz](#))
- Person-to-Person Networking Services ([Classmates](#))
- Trust Services ([Trustee](#))
- Internet Services Providers ([America Online](#))

Business models for the DAC industry


Utility:

- The utility model is also referred to as the 'on-demand' model. It is based on measuring usage, or 'pay as you go' services. Examples of such a model include:
 - [Slashdot](#)

Business models for the DAC industry


Venture capital-fast growth-exit model:

- Focusing on consolidating a user community and by driving traffic
- Financial survival by various rounds of VC investment
- Exiting before selling any product or service and without generating any advertising revenue
- Examples of such a model include:
 - “[Instagram](#)”, the photo-sharing company that operated for a year and a half without generating a dime and sold to Facebook for \$1Billion.
 - [Maktoob](#) was bought by Yahoo for over 150 million dollars in 2009, after 10 years of struggling operations.



Recommended areas for development of business models

- General recommendations
- Specific areas for development



General recommendations

- Align with the [worldwide trends](#) in technology and business;
- Take into consideration the lacks in DAC and the overall socio-political and economical [environment](#);
- Take into consideration the [consumer](#) behavioral patterns;
- Replicate experience of [International successful projects](#);
- Making a difference in DAC is a result of the work of [traditional content producers](#):
 - broadcasters, film makers, writers, journalists, news makers, cultural and entertainment organizations, game publishers, governments, education sectors, health and medical sectors, labs and science organizations and the commercial and trade community.



Specific areas for development

There are five areas of development to consider:

- Quality & sustainability of DAC;
- Education & learning;
- Content aggregation & curation;
- Public services;
- Entertainment & gaming;
- Social media.



Quality & sustainability of DAC

To ensure the production of sustainable DAC products that are of good quality the following are needed:

- Relevance
- Quality
- Reach
- Financing



Education & learning

- Classic Arabic language and regional dialects with social media integration;
- Literature, poetry and philosophy with social media integration;
- History, geography and natural sciences;
- Gastronomy, traditional food, mores, lore and social behavior with social media integration;
- Management, marketing and finance;
- Computer use, technology and productivity tools.



Content aggregation & curation

- News and information aggregation services with social media integration;
- Local weather and regional news;
- Traditional music, pop music video aggregation service with social media integration;
- Video archives, drama, sitcoms, TV games and competition with social media integration;
- Branded content and imbedded advertising (branded items such as cars, clothing, F&B, places etc are used within the drama, sitcom or video and mentioned inside stories and texts).



Public services

- Health and medical assistance;
- Healthcare and wellbeing with social media integration;
- Sports and fitness with social media integration;
- Community of practice/Community of interest with social media integration;
- Real estate, construction and home & building accessories;
- Dating, matchmaking and marriage including wedding planners with social media integration;
- Catering, receptions and events organization and planning with social media integration;
- Comparative Banking, Insurance and other financial services;
- Comparative car and accessories market with social media integration;
- Complementary governmental and public services processes explanation and simulation with social media integration.



Entertainment & gaming

- Tourism, leisure and vacation planners with social media integration;
- Mobile and social games with in-game purchasing features;
- Mobile cultural, tourism, lifestyle applications with social media integration;
- eBooks and edutainment with social media integration;
- Music & video production and web & mobile TV with social media integration;
- Web drama, short sitcoms, competitions and quizzes with social media integration.



Social media

- Education, learning and micro-learning;
- Gaming and entertainment;
- Enhanced user profiling, data gathering, statistics, polls and public opinion statistics;
- News and information aggregation.

Thank you.