

Nov 04, 2016 by [Alvin Snyder](#)

The Foreign Language TV Invasion: Satellite Channels are Perched Precariously on the Bubble ^[1]

Will the bubble burst on international TV satellite channels and their deep pocket financiers, as it did on the old Internet dot coms?

In the mid-1990s, accepted business models were discarded and investment capital flowed into fledgling start-up Internet companies, or dot coms, most of whose operations were poorly conceived and managed. The majority were overvalued and their marketplaces became glutted. Companies disappeared virtually overnight, leaving few survivors and loads of joblessness and debt.

The run up had lasted some four years. Could today's fledgling international TV satellite operations suffer the same fate in their attempt to reach viewers abroad, outside their native language base? The most visible broadcaster with the deepest pockets is Al Jazeera, followed by others including Russia Today, the Jacques Chirac French-English news channels, and the TV window to China's world.

Al Jazeera comes closest to the dot com model. It has a seemingly limitless amount of readily available cash from the Gulf state of Qatar. Like many dot coms, the start-up Al Jazeera International has a wealth of veteran, highly accomplished professionals in its field -- in this case electronic journalism -- with lots of unbridled hubris, but few with hard-nosed business experience (Managing Director Nigel Parsons told Reuters that U.S. TV networks cow-tow to Washington, and resemble former state-run systems in the old Soviet Union, but can he compete with a Fox News and literally thousands of other local and national news channels in the highly competitive commercial U.S. TV marketplace)?

Al Jazeera has been unable to dominate in Saudi Arabia's rich commercial TV market, and with its international English language service, it hopes to penetrate the world's richest commercial market, America, where it has not succeeded as yet in lining up a major domestic satellite or cable distributor.

In Saudi Arabia, last month's TV ratings by IPSOS-STAT show Al Jazeera's news channel holding steady but only in fifth place in TV viewership, while Al Jazeera's sports channel is in 24th place, with only a 1.9% rating. representing the entire adult Saudi TV viewership. The most recent TV audience ranking in Iraq also shows Al Jazeera in fifth place, behind other local and international TV news channels.

Al Jazeera's planned entry into the English TV market makes it the first billion dollar jewel among international satellite channels, with its investors hoping it is not a bust. Al Jazeera spends an estimated \$300 million per year on its Arabic service alone, and about the same

amount for program development and anticipated operation of its new international English language news and sports channel, which include high-definition TV installations at its news headquarters in the U.S. and in London, Qatar, and Kuala Lumpur. Added to that are Al Jazeera's Arabic sports channel, and its documentary and children's channels, which bring its annual satellite program budget close to an estimated one billion dollars.

On the other end of the spectrum -- on the cheap by comparison -- is the Russia Today TV operation financed by the Putin government, which secured a \$30 million bank loan to finance the channel. It has an English-language news staff of 300 persons and went on the air six months ago, but has virtually no audience as it is only one of 370 TV channels offered free-to-air via TV satellite in Europe, North Africa and the Middle East. Russia Today has not found a major outlet to carry its program in the U.S., nor is it likely to.

China's English language TV service is available in hotels in South Africa but has not cracked the U.S. TV market. The French government is planning a new TV satellite service in French and English, but is not expected to find major carriage in America.

Of all the satellite TV channels in search of audiences outside their native boundaries, America's much-maligned Alhurra Arabic channel could well come out on top. If Alhurra defines its mission as a public broadcaster that offers original, quality programming from its rich cultural, multinational base, it will win the day. This would level the playing field in a hurry with the billion dollar broadcasters on the bubble.
