

Laggard or Innovator: Examining Sky's position in the UK market and its potential Expansion into the United Arab Emirates (UAE)

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Abstract

Since its inception in 1990, Sky transformed the entertainment industry in the United Kingdom (UK). The British public became accustomed to four terrestrial channels up to 1990 which included BBC 1, BBC 2, ITV and Channel 4. The introduction of Sky TV to the British population from 1990 onwards led to a significant increase in choice for British viewers by offering additional channels from all over the world. Therefore, Sky established itself as the market leader in the UK until the late 2000s during this period it also added telephone and broadband-based products. During this period, Sky established an agreement with British Telecom (BT) to gain access to BT's infrastructure to deliver their telephone and broadband services to customers. They also became home to major sporting events and offered movie rentals through the pay-per-view (PPV) service.

From 2007 onwards, streaming services like Netflix, Amazon Prime and Disney Plus entered the market which offered on-demand entertainment consisting of movies and TV series to consumers at a comparatively lower price than Sky TV. This emergence of new competitors led to innovative approaches by Sky which included broadband-driven streaming services like Now TV and Sky On Demand. To better improve its market position in the UK, Sky also established a strategic alliance with Netflix to better meet customer demand. However, this change from Sky to a streaming entertainment service had a detrimental impact on the revenue generated from Sky's channels. Therefore, further innovative thinking is required from Sky to overcome this deficit, otherwise, the survival and growth of the business may be adversely affected.

In addition to exploring innovations to better compete with new rivals, Sky has also promoted and taken significant steps to reduce inequality amongst its customers based in different areas to minimise the digital divide and social exclusion between rural/isolated and other areas. Therefore, through partnerships with BT and Netflix, Sky have ensured an alignment with Sustainable Development Goal (SDG) 9 (Industry, Innovation and Infrastructure) and through their pursuit of ensuring equality between their urban and rural customers they have ensured an alignment with SDG 10 (Reduced Inequalities). This case study challenges readers to explore options to ensure Sky's future survival and growth via a potential expansion into the UAE market. This case study also outlines recommendations as per the opinions and understanding of the authors.

Keywords: Entertainment; Innovative media; UK; Sustainable Development Goals; MENA; UAE; Sky.

1. Introduction

Since ancient times entertainment has always been a demand for the wider population regardless of gender, socio-economic background, regional and cultural variations (Bakker, 2007). For instance, during the Roman Empire, the royal family was entertained by theatre shows involving people or puppets (Barrow et al., 2005). This then evolved into radio-based entertainment which was offered to the wider population from the early 20th century onwards (Dixon, 2021). The radio was invented by Guglielmo Marconi in 1920 in the UK (Smith-Rose, 2025). This allowed the public to listen to the News, descriptions of shows and play-by-play commentary of sporting events. Then, from the middle of the 20th century, the masses were introduced to entertainment through television (TV). The TV was invented by John Logie Baird in 1920 in the UK (BBC, 2024). An image of John Logie with a TV is shown in Fig. 1.



Fig. 1. John Logie Baird with the first version of the TV
Source. BBC, 2024

As shown in Fig. 1, the initial version of the TV looked completely different to the modern versions that consumers in the 21st century have become accustomed to. Initially, in the UK, BBC (British Broadcasting Corporation) was the first channel to air in 1937 (Waters, 2021). Additional channels like ITV (Independent Television) and Channel 4 aired on TV following the BBC channels in the latter half of the 20th century (UK Government, 2010). From 1997 onwards, Channel 5 was made available to the public (Goodhart, 2020). BBC 1, BBC 2, ITV, Channel 4 and Channel 5 were free-to-air channels. It should be noted that terrestrial channels vary from country to country (Goodhart, 2020; Waters, 2021). From 1989 onwards, BSkyB (British Sky Broadcasting) and Cable TV emerged as chargeable subscription-based services which offered additional channels to the five terrestrial channels initially offered to the British public. The logo of Sky is shown in Fig. 2.



Fig. 2. Sky logo
Source. Goodhart, 2020

2. Emergence and Growth of Sky Media (BSkyB)

Sky TV was launched by BSkyB in 1989 where the initial channels offered were Sky News, Sky Sports and Sky Movies (Sky, 2025). Sky TV was based on the installation of a digital box which allowed the user to switch between channels and a dish that captured coverage for the channels from the BSkyB satellite (Neate and Andrews, 2011). Sky was a major change in its product in 2000 when the business switched from analogue to digital-based services which included the development of digital boxes to stream channels (Manchester Evening News, 2013). The digital box is illustrated in Fig. 3.



Fig. 3. Sky digital boxes
Source. Sky, 2025

In addition to the box shown in Fig. 3, from 2001, Sky began to offer broadband and telephone services in addition to the original television service (Browning, 2011). BSkyB started offering products to customers in bundle deals consisting of TV, broadband and telephone packages which proved to be popular with customers across the UK (the Guardian, 2011). In 2010, Sky TV's market share increased to 10 million homes in the UK and Europe which represented over 36% of UK households (Browning, 2011; Neate and Andrews, 2011). In 2005, YouTube a free on-demand service was made available to the wider population through the internet which was followed by the introduction of Netflix in 2007 offering on-demand content via the internet (BBC, 2018; Stumbles, 2018). The emergence of YouTube and Netflix posed a threat to Sky's TV-based business model where YouTube was free and Netflix was around £10 per month, however, an average Sky TV package was around the £50 mark (BBC, 2018; Sky, 2025; Stumbles, 2018). Therefore, Sky had to revisit its overall strategy to remain competitive in the entertainment market. The Netflix logo is shown in Fig. 4.



Fig. 4. Netflix
Source. Stumbles, 2018

3. Challenges Faced by BSkyB in the Age of Streaming Services

The emergence of new competitors like Netflix and YouTube led to Sky introducing the Sky On Demand feature in 2007 which allowed users to pause, rewind and record live TV programming. Customers could also record content to watch at a later date. Eventually, customers were able to download programmes and movies from a library to watch while on the move (Whyatt, 2017). However, Sky still experienced a loss in its TV revenue due to the presence of more cost-effective and convenient alternatives (Sweney, 2024). Therefore, Sky introduced Now TV to the market which is a streaming service linked to Sky Channels (Now TV, 2025). Despite the innovative steps taken by Sky to significantly change their TV product line from being TV, digital box and dish-based to a streaming service with a competitive price point to rival businesses like Netflix, Amazon Prime and Netflix; Sky has still reported losses, eg £224 million lost in 2023 (Sweney, 2024). BSkyB does have a presence in locations like the UK, Italy, Germany, Ireland, Austria and Switzerland (European VOD Coalition, 2025). Therefore, there may be potential opportunities for Sky to expand into other regions around the world which may aid Sky in overcoming the deficit in revenue from its TV product line.

4. The Potential Expansion of BSkyB into the UAE

The UAE is a young country which has been in existence for just over 50 years (UAE Government, 2025). The UAE has seen a significant transformation in the last 20 years which has seen it become the epicentre of the world which is a desired trading place for businesses and a desired location for holidays or relocation for citizens from other countries (Statista, 2024). The UAE has become a hub for innovation, especially, when it comes to AI digitisation (Statista, 2025). The UAE population has shown

an acceptance and affection for Western brands like McDonalds, Starbucks, Coca Cola and Tommy Hilfiger which bodes well for Sky which is originally a British-based company (Chand, 2023). Therefore, the UAE population's acceptance of Western brands may aid Sky's entry into the UAE, however, Sky will need to keep up with the UAE's appetite for innovation and growth which has been an oversight by Sky in the case of streaming services taking its market share. The UAE market is a competitive market with the presence of established media businesses like ITP Media Group, MBC Group, Dubai Media Incorporated, Rotana Media Group and Orbit Showtime Network (OSN) (Gulf Talent, 2025), therefore, the notion of Sky entering a Blue Ocean in the UAE should be eliminated immediately.

5. Recommendations for BSKyB

The authors recommend that Sky drive innovation in its operations and its product lines through its research and development division. Innovative approaches and technologies may support Sky's entry and growth in the UAE market where a positive correlation between business growth and innovation has been demonstrated in several studies (Aseer et al., 2024; Gernal et al., 2024; Gilani et al., 2023b; Gilani et al., 2024). However, innovation is highly dependent on reliable infrastructure which is highlighted by Gilani and Faccia (2022) regardless of sector and region (Al Jaghoub et al., 2024; Gilani et al., 2022; Krupicka et al., 2024). Additionally, authors have highlighted that the level of innovation adoption is possibly dependent on leadership styles and gender roles in leadership positions within businesses as well (Gilani et al., 2023a; Moussa et al., 2024; Sulthan, 2022).

The benefits of innovative practices in addition to business growth and survival have been demonstrated to also enhance the customer experience in other industries like Higher Education which may aid Sky in attracting and retaining customers in the UAE market. The authors also recommend that Sky build partnerships with universities in the UAE to better improve its recruitment process and potentially enhance innovative output through business incubator-based collaborations with universities (Yasin and Gilani, 2022; Yasin et al., 2023). Organizational health behaviour plays a crucial role in maintaining a company's market position, particularly when facing technological disruptions and evolving customer preferences, which aligns with Sky's need to innovate while ensuring its sustainability in the UK and UAE markets (Jaafari et al., 2023). Hardiness has been shown to influence adaptability in challenging environments, which is relevant to Sky's ability to withstand market pressures and sustain its leadership in the entertainment sector (Tantry & Singh, 2016). Transformational leadership significantly impacts job satisfaction and strategic decision-making, which is crucial for Sky's leadership team in driving digital transformations and establishing key industry partnerships (Khan et al., 2023). Strategic leadership plays a mediating role in digitalization and organizational growth, supporting Sky's strategic shift towards broadband-driven streaming services and its alliances with BT and Netflix (Golshan Sorour et al., 2024).

Employee engagement and job satisfaction are key factors in business success, which Sky must prioritize to ensure its workforce remains motivated while adapting to digital transformation and evolving market demands (Mainali & Tantry, 2022). Big data and AI have proven to be essential in modern business decision-making, highlighting Sky's opportunity to leverage data analytics for personalized content delivery and market competitiveness (Iyer et al., 2024). Total quality management influences business performance, emphasizing the need for Sky to enhance its service quality and customer experience as it explores potential expansion into the UAE market (Hussein & Tantry, 2022). Employee satisfaction and adaptability play critical roles in organizational transformation, which is particularly relevant for Sky's workforce as it transitions from a traditional broadcasting model to a streaming-based approach (Tantry & Ali, 2020). Gender differences in resilience have implications for consumer adaptability to new technologies, particularly in a dynamic industry like digital entertainment, which is essential for Sky's expansion into a diverse market like the UAE (Tantry & Puri-Singh, 2017). Additionally, gender dynamics impact business growth across different regions, which Sky must consider when expanding into the UAE, ensuring inclusivity in marketing strategies and consumer engagement (Gilani et al., 2025).

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