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SUSTAINABLE FILM INDUSTRIES IN THE GLOBAL SOUTH: VALUE CIRCULATION, PRODUCTION MODELS, AND INDUSTRIAL FORMATION IN SAUDI CINEMA

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ABSTRACT

This study contributes to debates on Global South screen industries by examining Saudi Arabia as a contemporary case of state-led film-sector formation. Historical analysis shows persistent fragmentation between production, distribution, and marketing—driven by concentrated exhibition markets and foreign-dominated distribution channels—which limits producers' ability to reinvest revenue. Drawing on frameworks from film-industry studies and media political economy, the research evaluates three production modes—local production, global service-production, and co-production—and assesses how each shapes value retention, infrastructural development, and cultural formation. A comparative case analysis of Sattar (2022) and Kandahar (2023) demonstrates that while high-budget foreign productions activate infrastructure and provide short-term technical benefits, they generate limited long-term impact due to externalized revenue flows and low domestic value capture. Conversely, locally anchored productions with modest budgets yield higher returns on investment, stronger audience resonance, and deeper contributions to national capacity building. The findings clarify how emerging film ecosystems navigate global-local dynamics and outline the conditions necessary to build a more self-sustaining Saudi film industry, highlighting the need for policies that rebalance market power, strengthen national distributors, decentralize regional infrastructure, and regulate streaming-platform investment.

KEYWORDS: Saudi Arabia, Film Industry, Cultural Economy, Value Chain, Co-Production, Sustainability, Distribution Networks.

INTRODUCTION

The emergence of a national film industry in the Kingdom of Saudi Arabia (KSA) since 2018 represents one of the most rapid and ambitious cultural-sector transformations in the contemporary Global South. The reopening of cinemas, expansion of production infrastructure, and institutionalization of state-led cultural policy have collectively reconfigured the Kingdom's media landscape, situating cinema at the intersection of cultural expression, industrial strategy, and economic diversification. As in other Global South contexts—where audiovisual sectors often develop through hybrid combinations of state investment, market liberalization, and transnational partnerships (Kavoori & Punathambekar, 2008; Curtin & Sanson, 2016; Kraidy & Khalil, 2017; Lobato, 2019; Vlassis, 2021)—the Saudi case raises critical questions about sustainability, value circulation, and the structural dynamics that shape creative economies outside established Western production centers.

Despite notable achievements—including increased local film output, expanded exhibition capacity, and growing festival visibility—the Saudi film ecosystem remains marked by persistent fragmentation across the value chain. Concentration in the exhibition sector, foreign dominance in distribution, and uneven access to marketing channels constrain producers' capacity to reinvest earnings and develop stable production cycles. These patterns mirror long-standing structural asymmetries identified in Global South film industries, where domestic producers often face challenges in negotiating with powerful intermediaries, accessing international markets on equitable terms, and retaining control over intellectual property (Iordanova, 2015; Miller et al., 2005; Hesmondhalgh, 2019).

The need to examine sustainability in this context is therefore both analytical and urgent. As emerging film industries expand rapidly through public funding, imported expertise, and global production incentives, the central question becomes not how many films are produced, but how value circulates within the national ecosystem—and whether different production models generate long-term industrial formation or reinforce external dependency. To address this question, the study analyzes Saudi three dominant production modes—local production, global service-production, and co-production—through the lens of value retention, infrastructural

integration, and cultural impact.

The article argues that a stable and self-reinforcing Saudi film ecosystem requires stronger vertical integration (across production, distribution, and exhibition) and deeper horizontal collaboration (across companies, institutions, and infrastructures). Drawing on media political economy, cultural industries research, and Global South film studies, it develops an integrated analytical framework for assessing how production models shape industrial sustainability. A comparative analysis of *Sattar* (2022) and *Kandahar* (2023) illustrates the divergent economic and cultural trajectories produced by localized versus globally oriented production logics. In doing so, the study contributes to broader discussions on the evolution of creative economies in the Global South while offering policy-oriented insights specific to the Saudi context.

2. THEORETICAL FRAMEWORK

Scholarly discussions on sustainability within the cultural and creative industries have expanded significantly in recent years, reflecting a global shift in how cultural production is understood in relation to development, policy, and economic transformation. While sustainability has conventionally been associated with environmental protection, contemporary research positions it as a multidimensional framework encompassing economic resilience, cultural continuity, institutional stability, and social participation (Soini & Birkeland, 2014; Throsby, 2017). This study adopts this perspective to examine the emerging structures of the Saudi film industry, treating sustainability not as a rhetorical aspiration but as an analytical tool for assessing long-term viability.

The concept of cultural sustainability—central to this framework—describes conditions that allow cultural systems to regenerate themselves without depleting their economic, symbolic, or social resources. This interpretation aligns with UNESCO's policy discourse, which presents culture as both a driver and enabler of sustainable development, requiring coordinated governance, inclusive institutions, and recurring investment (UNESCO, 2015). Within film studies, the sustainability lens has gained prominence as scholars interrogate the capacity of film ecosystems to maintain production cycles, develop talent, upgrade technological capacities, and circulate capital (De Vinck & Punt, 2021; McDonald, 2021).

A critical conceptual foundation for this study is Pierre Bourdieu's theorization of cultural capital,

which he articulates as *accumulated labor* embodied in habits, skills, institutional structures, and cultural goods (Bourdieu, 1986). Cultural capital requires continuous reproduction through education, professionalization, and investment. In the context of film industries, this includes not only artistic skills but also industrial knowledge, technical expertise, exhibition infrastructures, and distribution networks. This orientation clarifies how cultural and economic capital interact within the Saudi case, where state-led investment is substantial yet the ability of companies to convert that investment into recurrent production cycles remains uncertain.

To operationalize sustainability within film industry structures, this study draws on Arelys Muñoz Larroa's (2020) analytical distinction between vertical barriers and horizontal barriers, developed in her research on the screen production ecosystems of New Zealand. These concepts provide a systematic approach for identifying structural obstacles that impede the circulation of economic and cultural value across the film value chain.

Vertical barriers refer to interruptions within the linear stages of film production—development, production, post-production, distribution, and exhibition. In an integrated system, these stages reinforce one another, allowing capital to recirculate from one production to the next. However, in emerging industries, disruptions are common: shortages in post-production expertise, limited access to distribution channels, and exhibition dominated by foreign content can all prevent local films from generating sufficient revenue to sustain new projects (Finney, 2014; Van Hemert, 2022). These vertical blockages are prevalent in the Saudi case, where local films often struggle to secure exhibition windows or maintain profitable returns in an exhibition landscape dominated by Hollywood and major foreign distributors.

Horizontal barriers, by contrast, describe the weaknesses in relationships across stakeholders—production companies, distributors, exhibitors, public funding bodies, training institutions, streaming platforms, and service providers. When coordination is weak or incentives diverge, industries experience fragmentation, duplicated efforts, and inefficient allocation of resources (Caves, 2000; Lobato, 2019). In Saudi Arabia, this manifests in the limited cooperation between small production houses, the gap between public funding bodies and private distributors, and the absence of

shared promotion strategies for domestic films. Horizontal fragmentation also undermines innovation, talent mobility, and collective bargaining—conditions essential for long-term sustainability.

To contextualize these structural challenges within a broader political-economic perspective, this study incorporates insights from Toby Miller and colleagues' landmark work *Global Hollywood* (Miller et al., 2005). Their analysis highlights how Hollywood's dominance is sustained not only by creative innovation but by vertically integrated structures that control production, distribution, and exhibition. This integration creates stable, predictable revenue streams that enable reinvestment and continuous production. By contrast, fragmented industries—particularly in the Global South—often experience value leakage, where revenues flow to foreign distributors, streaming platforms, or multinational exhibitors, limiting local reinvestment (Golsmith et al., 2015). The Saudi context illustrates this clearly: while domestic production is increasing, much of the value generated at the distribution and exhibition levels is captured by foreign companies.

Drawing on these theoretical contributions, this study conceptualizes sustainability along three interlinked dimensions. First, financial sustainability refers to the capacity of the film industry to generate, retain, and recirculate capital. It includes access to financing, equitable revenue-sharing models, and the ability of producers to reinvest profits into future productions. Without consistent revenue recirculation, production cycles remain sporadic and dependent on state grants, inhibiting industrial maturity (Vlassis, 2021). Second, infrastructural sustainability encompasses both physical and organizational infrastructures: sound stages, post-production facilities, technical labor, institutional knowledge, and educational pipelines. These infrastructures support continuous production and allow local industries to compete with foreign film markets. KSA has invested heavily in physical infrastructure (e.g., NEOM, AlUla), but the institutional and labor infrastructures remain under development (Kraidy & Khalil, 2017). Third, audience sustainability concerns the ability of an industry to cultivate and maintain viewership for domestic films. Film industries become sustainable when audiences anticipate local content, trust its quality, and integrate cinema-going as a cultural habit (Stringer, 2014). In KSA, the dominance of foreign titles,

limited marketing channels for local films, and constrained distribution reduce opportunities for building audience loyalty.

These three dimensions are mutually reinforcing: robust infrastructures enable higher-quality films; high-quality films attract audiences; audiences generate revenues that support financial recirculation; and financial recirculation strengthens infrastructures. Sustainability, therefore, is not a static condition but a cumulative process built through policy, institutional alignment, and industry practices. This theoretical framework provides the analytical scaffolding for evaluating the three production models shaping the Saudi film landscape: local production, global production, and co-production. By applying sustainability concepts to each model, the study assesses not only their economic impact but their capacity to generate long-term structural value within the Saudi film ecosystem.

2.1. Sustainability And Self-Sustainability In Film Industries

In film-industry research, sustainability is understood not as a single metric but as a system-level condition in which production cycles, labor markets, infrastructures, and distribution networks reinforce one another to create a stable and self-reproducing ecosystem. Within this discourse, *self-sustainability* refers to the capacity of a film industry to generate, retain, and reinvest economic and cultural value with limited reliance on continuous external funding (Muñoz Larroa, 2020, pp 231). It does not imply the absence of public support; rather, it denotes a system in which public investment catalyzes private capital, recurrent production, and revenue recirculation (Vlassis, 2021). In this sense, sustainability depends on healthy value circulation—revenues from box office, streaming, and licensing must be reinvested into new productions to maintain an ongoing production cycle (Finney, 2014; McDonald, 2021).

Self-sustainability also requires institutional depth: production companies with continuity, specialized post-production services, skilled labor, distribution firms with bargaining power, and regulatory structures that protect local producers. Without such density, value leaks outward through foreign-controlled distribution, international streaming platforms, or multinational exhibitors (Lobato, 2019). The degree to which value is retained domestically is therefore central to assessing sustainability.

Alongside academic work, a substantial body of international industry analysis provides additional conceptual tools for understanding sustainability. Among the most influential is Olsberg SPI's 2021 global benchmarking of production incentives and economic spillovers, which demonstrates that sustainable screen sectors typically combine three features: (1) predictable and well-structured incentive regimes, (2) strong local labour requirements that ensure domestic skills upgrading, and (3) geographically distributed production infrastructures that avoid over-centralisation. These insights closely parallel academic emphasis on value retention and institutional depth. Crucially, the study demonstrates that incentive systems function not merely as financial tools but as mechanisms shaping value flows, regional development, and long-term industrial continuity—making this framework directly relevant to assessing transitional ecosystems such as KSA.

International cases illustrate multiple pathways. Hollywood represents a vertically integrated model in which studios control production, distribution, and exhibition, allowing predictable revenue streams and systematic reinvestment (Miller et al., 2005). Nollywood offers a contrasting model of low-budget, high-volume sustainability, where rapid production cycles and a direct relationship with audiences maintain a circular economy despite limited financing (Krings & Okome, 2013). European examples, particularly France, show how state-regulated quotas, broadcaster obligations, and film funds can generate a self-reproducing ecosystem through public-private interdependence (Vlassis, 2021).

Taken together, these cases show that self-sustainability is not a singular template but an outcome produced by the interaction of public policy, industrial organization, and market structure. From this perspective, evaluating sustainability in KSA requires examining how value circulates through its production models, how institutional capacities develop, and how the national ecosystem mediates relationships between local and global stakeholders.

2.2. The Film Value Chain In KSA: Transformations And Structural Challenges

Between 2018 and 2024, the Saudi film sector moved from a dispersed cultural activity into a structured value chain shaped by state-led transformation, institutional investment, and expanding market dynamics. Foundational

interventions by Ithra—framed as a non-profit cultural engine—played a decisive upstream role by providing structured training, co-production opportunities, and dedicated exhibition spaces, thereby addressing long-standing gaps in film education and early-stage production capacity (Alamri, 2024). Parallel scholarship underscores how university programs and youth filmmaking initiatives have expanded cinematic literacy, enabling young Saudis to mobilise film as a medium of cultural expression and creative identity formation (Matbouly, 2025). At a broader structural level, early socio-economic analyses of the post-2018 industry emphasise that cinema’s reintroduction formed part of a national strategy to diversify the entertainment economy and stimulate cultural sectors; yet these studies also highlight persistent challenges including high ticket prices, uneven labour protections, and the absence of fully coordinated regulatory mechanisms—all of which shape the foundations upon which the new industry is being built (Shesha & Yusuf, 2021).

Regulatory developments overseen by the General Authority of Media Regulation (former GCAM) further reshaped the sector by introducing licensing frameworks, age ratings, and content guidelines, establishing both enabling structures and new constraints within the distribution-exhibition interface (Alamri, 2023). Within this emerging environment, Killick (2025) highlights a hybridised political economy in which creative autonomy, commercial incentives, and state stewardship intersect to shape narrative boundaries and production practices. Despite notable commercial breakthroughs—illustrated by the success of *Sattar*, *Mandoob Al-Layl*, and the *Shabab Al-Bomb* series—the value chain

continues to be marked by uneven mid-level production capacity, regulatory opacity, and dependence on institutional support, producing a dynamic but still consolidating ecosystem.

The exhibition sector has experienced the most rapid expansion, reflecting broader Vision 2030 cultural reforms. As Foley (2025) argues, cinema has been positioned not only as a creative industry but also as a symbolic infrastructure through which the state reimagines public culture and everyday leisure. By 2024, cinema screens exceeded 600 across 69 venues, normalising cinema-going as a mainstream social practice. As shown in Table 1, this expansion is part of a sustained trajectory of growth, with screens increasing from 45 in 2018 to more than 650 in 2024, accompanied by parallel rises in ticket sales and revenue.

Audience research reveals a strong preference for technologically advanced and socially engaging experiences, including IMAX formats, enhanced sound, luxury seating, and immersive environments (Al Doghan & Ghouri, 2024). Cinema-going has evolved into a social occasion—especially for families and youth—reinforcing repeat attendance and strengthening the downstream segment of the value chain. These expectations have intensified competition among operators, spurring investment in premium formats, differentiated venue concepts, and targeted localised marketing. The sector’s financial outcomes mirror this shift: box-office revenues surpassed 1 billion USD from 2018 to 2024, with more than 51 million tickets sold, while *Top Gun: Maverick* (2022) became the highest-grossing title until, earning over 20 million USD from 1.2 million admissions¹.

Table 1: Cinema Screens, Ticket Sales, And Revenue In KSA.

Period	Number of Screens	Tickets Sold (Million)	Revenue (Million USD)
2018	45	0.50	7.62
2019	70	6.60	66.51
2020	150	7.28	48.34
2021	385	13.49	206.16
2022	581	14.00	240.00
2023	627	17.00	245.00
2024	650	17.50	225.20

Data for screens and ticket sales are derived from Saudi Ministry of Culture and Saudi Film Commission annual publications, as well as verified box-office reporting platforms (2018–2024). Revenue figures are converted to USD using the fixed exchange rate of 1 USD = 3.75 SAR.

Concurrent improvements in production quality reflect the combined influence of institutional expansion, increased funding, and a growing ecosystem of professional development opportunities. In addition to the contributions of Ithra and university-level programs, the Saudi Film

¹ [https://www.the-numbers.com/movie/Top-Gun-Maverick-\(2022\)/Saudi-Arabia](https://www.the-numbers.com/movie/Top-Gun-Maverick-(2022)/Saudi-Arabia)

Commission's Annual Reports (2024) document a significant rise in industry-facing initiatives—including script labs, production grants, training workshops, mentorship schemes, and skills-development programs aimed at building a local workforce capable of sustaining higher production standards. As the volume of Saudi films increased, so too did their international presence, marked by screenings at regional and global festivals and by consistently positive audience and critical reception. This international visibility has functioned as a form of cultural diplomacy, attracting investors and strengthening the Kingdom's position as a site of cultural production, while also opening new pathways for co-production and cross-border collaboration (Foley, 2025). The diversification of Saudi film output further signals a departure from decades of reliance on American, Egyptian, and Indian programming toward a more recognised national cinema driven by audience demand for locally grounded storytelling.

Despite this progress, a core structural challenge persists: weak integration across the value chain, particularly between production, distribution, and marketing. Historically, the pre-cinema era (2001–2017) was defined by decentralisation and limited coordination, with filmmakers relying on self-financing and informal distribution. Even after 2018, foreign dominance in distribution and marketing—exerted largely through Lebanese companies holding long-standing regional agreements with major studios—has restricted the ability of Saudi producers to leverage box-office revenues for reinvestment. Major exhibitors such as Muvi, VOX, and AMC now control over 74% of national screens, concentrating downstream power while offering limited pathways for Saudi films to secure favourable programming slots. The rise of streaming platforms such as Netflix and Shahid has broadened distribution opportunities but has also exposed Saudi films to intense competition from global catalogues.

This fragmentation of the value chain continues to limit the sector's capacity to scale sustainably, leaving many filmmakers reliant on government funding and public-sector initiatives to finance new projects. Scholars caution that such dependence, while beneficial in the short term, may inhibit long-term autonomy and hinder the development of robust market mechanisms capable of supporting continuous production. These structural conditions underscore the need for interventions that strengthen national distribution and marketing

infrastructures and promote deeper collaboration among producers, distributors, and promotional agencies. Recognising these constraints provides a foundation for examining the dominant production modes that shape the contemporary industry. By analyzing the three primary models currently in operation, it becomes possible to assess their comparative strengths, limitations, and contributions to building a self-sustaining Saudi film ecosystem. The following section explores these models in detail.

3. METHODOLOGY

This study employs an integrative qualitative methodology that combines value-chain analysis, political economy critique, and comparative case-study methods to evaluate the sustainability of KSA's emerging film industry. The methodological design builds on frameworks used in research on small and developing screen economies, where industrial structures, financing systems, and production logics diverge significantly from those in mature markets (Muñoz Larroa, 2020; Miller et al., 2005). The analysis focuses on how relations among key industry stakeholders—producers, distributors, exhibitors, funding institutions, and international partners—enable or constrain sustainable industrial outcomes.

Empirically, the study draws on two primary data components. First, it analyses publicly available datasets from Saudi governmental bodies, Saudi Film Commission Annual Reports, box-office monitoring services, and verified trade publications to map the evolution of cinema exhibition, audience growth, and production output from 2018 to 2024. Second, it examines institutional policies—including incentive schemes, grant programs, and regional production infrastructures—to assess how regulatory frameworks shape value retention and industrial integration.

Sattar (2022) and *Kandahar* (2023) were purposively selected because they embody two structurally significant production modes in the Saudi film landscape: a locally driven commercial co-production model and a global service-production model. Beyond their contrasting production logics, the films differ in budget scale, financing structures, target audiences, distribution pathways, and levels of institutional involvement, allowing the study to observe how distinct production modes activate different segments of the value chain. Both cases also offer unusually high data visibility—through publicly available box-office records, production documentation,

trade press coverage, and institutional reporting – which makes them suitable for systematic comparison of financial circulation, labour structures, and infrastructural utilisation.

Qualitative interpretation is guided by thematic coding of recurring patterns related to value flows, power asymmetries, and cultural positioning within the global film economy. These findings are triangulated with existing scholarship on Global South creative industries, transnational production systems, and cultural sustainability, allowing the analysis to situate Saudi cinema within wider debates on peripheral film economies. By combining structural analysis with grounded case evidence, the methodology provides a holistic assessment of how distinct production models shape the prospects for developing a self-sustaining Saudi film ecosystem

3.1. Production Models In Saudi Cinema

The rapid emergence of Saudi film sector has produced a heterogeneous industrial landscape in which multiple production modes coexist and compete for resources, legitimacy, and market access. Local production, global service-

production, and transnational co-production operate according to distinct logics of financing, creative authority, and value circulation. Their coexistence reflects broader patterns in emerging screen economies, where industrial formation is shaped not only by cultural policy but also by global production networks and structural asymmetries in the international division of cinematic labour (Miller et al., 2005; Curtin & Sanson, 2016). Understanding how these models differ is essential for analysing the mechanisms through which sustainability is generated—or constrained—within the Saudi ecosystem. As summarised in Table 2, each model exhibits a distinct profile across key sustainability dimensions. The conceptual structure of the table draws on Argelia Muñoz Larroa’s analysis of production spillovers in small and developing film economies, particularly her framework for assessing value flows and industrial linkages in the Wellington film district (Muñoz Larroa, 2020, p. 235). This framework provides a useful lens for examining how Saudi emerging production modes distribute value, utilise local infrastructure, and contribute to cultural formation.

Table 2: Comparative Assessment Of Sustainability Dimensions Across Saudi Film Production Models.

Production Model	Value Retention	Infrastructure Integration	Cultural Impact	Sustainability Potential
Local Production	High	Medium	Very High	High (conditional on distribution reform)
Global Service-Production	Low	High (but short-term and non-recursive)	Low-Medium	Low
Co-Production	Medium-High	Medium-High	High	Very High

The comparative dimensions adapt the conceptual logic of spillover assessment developed by Muñoz Larroa (2020) for analysing production models in small film economies.

Local production remains the most culturally significant mode, anchoring cinematic identity through domestically authored narratives and emerging Saudi talent. Typically characterised by modest budgets and grant-dependent financing, it resembles other Global South film industries where state intervention compensates for weak market structures (Klings & Okome, 2013; Lobato, 2019). Institutional supports such as the Film Commission’s Daw programme and the Cultural Development Fund have increased project-level output, yet as Finney (2014) notes, subsidy-driven regimes often struggle to generate firm-level continuity or industrial scale. While local films create strong symbolic value, they remain vulnerable to unfavourable revenue splits, limited

economies of scale, and distribution bottlenecks that suppress box-office reinvestment (Kraidy & Khalil, 2017). Their long-term sustainability therefore depends on correcting structural imbalances in distribution and exhibition.

At the opposite end, global service-production operates as an externally driven model in which international producers utilize Saudi locations, incentives, and crew without transferring intellectual property or profit flows. Mirroring experiences in New Zealand, Morocco, and the UAE, generous rebates and infrastructure—especially in NEOM and AIUla—have succeeded in attracting high-budget international films (Goldsmith et al., 2015). However, as research on global production networks shows, shallow integration results in limited domestic value retention and minimal cumulative development (Coe et al., 2008). Although service-production activates infrastructure and offers short-term skills

transfer, most financial and creative benefits accrue abroad, restricting its contribution to Saudi long-term industrial sustainability.

Co-production occupies an intermediate position, combining local authorship with international financing, expertise, and distribution access. When structured equitably, it enables partial local ownership of intellectual property, strengthens managerial capabilities, and distributes financial risk. This aligns with scholarship identifying co-production as a pathway through which emerging industries access transnational circuits of talent and capital (Vlassis, 2021). Yet the model is constrained by asymmetries in bargaining power and the absence of formal co-production treaties, which complicate rights allocation and financing flows (Kavoori & Punathambekar, 2008). Nonetheless, co-production remains the mode with the greatest potential to scale budgets, enhance production quality, and expand international market reach while retaining meaningful local value.

3.2. Structural Implications For Sustainability

The three dominant production models in KSA differ not only in their operational mechanics but, more importantly, in how they shape the circulation of economic, cultural, and infrastructural value within the national film ecosystem. Local production generates strong cultural capital and consolidates narrative sovereignty, much like domestic filmmaking in South Korea or Egypt, where national storytelling remains central to cultural identity. Yet, as in many emerging film markets, this model faces financial fragmentation due to limited revenue recirculation and reliance on public subsidies. Global service-production, by contrast, activates infrastructure and accelerates technical development—mirroring practices in places like New Zealand—while retaining little domestic value, since intellectual property and revenue streams remain external. Co-production offers a hybrid configuration, similar to long-established European frameworks, where shared financing and transnational collaboration enhance creative quality and market reach, though its success depends on addressing imbalances in creative authority and profit allocation.

Taken together, these distinctions reinforce a broader analytical argument: sustainable film industries are mixed ecosystems, not singular production pathways. International precedents—such as Canada’s calibrated blend of domestic content, service production, and structured co-

productions—demonstrate that long-term viability emerges from the interplay of diverse models rather than the dominance of one. No isolated mode, whether local, global, or transnational, can independently generate the industrial density, financial circulation, and durable audience engagement necessary for sustainability. Instead, sustainability materializes when these models are coordinated through coherent policy, aligned market incentives, and institutionalized collaboration among producers, distributors, exhibitors, and regulatory bodies. For KSA, the challenge and opportunity lie not in choosing one model over another but in orchestrating their interaction to produce a resilient, competitive, and culturally grounded cinematic ecosystem.

3.3. Case Study: *Sattar* (2022) And *Kandahar* (2023)

The divergent performance and economic footprints of *Sattar: The Return of the Legendary Slap* (dir. Abdullah Al-Arak, 2022) and *Kandahar* (dir. Ric Roman Waugh, 2023) offer a concrete illustration of how KSA’s coexisting production models generate fundamentally different patterns of value creation, value retention, and cultural impact. *Kandahar* represents the global service-production model, characterized by foreign creative authority, external financing, and limited domestic integration. Produced with a budget exceeding 70 million USD, the film allocated the majority of its expenditure to international talent and foreign production companies. Although shot partly in AIUla, Jeddah, and other external locations, only a small portion of the film’s overall budget circulated within KSA. After accounting for the government rebate (approximately 40% of local expenditures), the film’s net contribution to secondary local economies totaled around 3 million USD—primarily through hotel occupancy, transport, catering, and logistical services.

At the level of primary economic returns, *Kandahar* generated approximately 2.9 million USD in domestic box-office receipts through the sale of 199,211 tickets. However, roughly half of this amount flowed back to the American studio and to its regional distributor, Eagle Films, leaving only marginal financial benefit within the Saudi ecosystem. Non-material returns—such as potential tourism value—were similarly muted, as the film’s visual representation of AIUla did not foreground the region as itself but rather used it to depict other geographies. This practice, widely noted in global scholarship as

“place substitution,” reduces the long-term touristic dividends typically associated with location-based productions. In sum, while *Kandahar* contributed to short-term economic stimulus and offered valuable opportunities for technical knowledge transfer, its structural contribution to Saudi film-industry sustainability was limited by extremely low domestic value retention and minimal integration into local production cycles.

Sattar demonstrates the opposite dynamic. As a locally led, partially co-produced film with a modest budget of approximately 2.1 million USD, *Sattar* represents a model in which creative authorship, production expenditure, and revenue circulation are concentrated within the domestic ecosystem. Shot entirely in Riyadh over a relatively short production schedule, the film was financed by Saudi entities including Telfaz11, Films AlShamaisi, and Muvi Studios. Its commercial performance was exceptional: the film sold more than 900,000 tickets in Saudi cinemas and grossed over 10 million USD domestically, in addition to generating 32,400 USD in global revenues. Importantly, the overwhelming majority of this

revenue remained within the national economy, strengthening both the primary value chain and secondary economic sectors related to hospitality, equipment rental, and post-production services. The film achieved an estimated return on investment of 401.5%, a level of profitability rarely attained in emerging screen industries.

Crucially, *Sattar*’s value extended beyond box-office returns. The film provided sustained employment for Saudi creative and technical workers, fostered talent development across multiple craft categories, and demonstrated the viability of locally authored narratives in driving significant market demand. By prioritizing story, humor, and characters grounded in Saudi cultural contexts – rather than costly visual effects – the film exemplified the principle of “cultural resonance,” known in media scholarship to be a key determinant of domestic audience engagement and long-term market stability. The film’s success reinforced the proposition that culturally specific, locally produced content can serve as a more effective driver of industry sustainability than high-budget foreign productions.

Table 3: Comparative Analysis Of The Commercial Performance Of *Sattar* (2022) And *Kandahar* (2023).

Category	Kandahar (2023)	Sattar (2022)
Genre	Action / Thriller	Family / Action / Comedy
Shooting Location	AlUla, Jeddah, and external international locations	Riyadh
Budget	70 million USD	2.1 million USD
Saudi Box Office (Tickets Sold)	199,211 tickets	903,705 tickets
Saudi Box Office Revenue	2.9 million USD	10 million USD
International Box Office Revenue	9 million USD	32,400 USD
Local Economic Impact	Over 5 million USD spent in secondary local economies; 2.9 million USD generated in domestic box-office revenue	Majority of the 2 million USD budget spent in primary and secondary local economies; over 10 million USD generated in domestic box-office

Data sourced from Comscore’s Middle East box-office database (2018–2024), the General Authority of Media Regulation, Saudi Film Commission reporting, Screen International (2023), and public disclosures, statements, and interviews from MBC Studios and Telfaz11.

Taken together – and as evidenced by the comparative metrics in Table 3 – *Kandahar* activated Saudi infrastructure without embedding value locally, whereas *Sattar* anchored value across the production, distribution, and audience chain, demonstrating the sustainability potential of locally authored cinema. These contrasting outcomes crystallize the structural distinction between production models that merely activate the Saudi film ecosystem and those that meaningfully

reinforce it. The former provides temporary economic uplift but remains largely extractive, with most value externalised; the latter embeds economic, cultural, and institutional returns within the domestic ecosystem, illustrating how local production and balanced co-production can serve as engines of long-term industrial development.

4. DISCUSSION & CONCLUSION

The findings of this study underline that the sustainability of the Saudi film industry hinges on the alignment of financial systems, infrastructural development, production capacity, and audience-building strategies. Each of these dimensions functions not as an isolated policy concern but as an interdependent component of an emerging creative

economy, consistent with broader analyses of cultural industries in transitional markets (Lobato, 2019; Krings & Okome, 2013). The evidence demonstrates that the current ecosystem suffers from structural fragmentation—particularly in financing and distribution—that weakens producers’ bargaining power, limits capital recirculation, and inhibits the consolidation of local production capacity. These dynamics align with global patterns identified in scholarship on film industries in the Global South, where sustainability is contingent on cohesive value chains and the internalization of revenue flows (Miller et al., 2005; Curtin & Sanson, 2016).

A key structural challenge lies in the limited ability of Saudi producers to recycle capital, a prerequisite for industrial continuity in film economies worldwide. While public funding schemes—grants, rebates, and investment programs—have successfully stimulated production volume, they have not fully resolved the deeper issue of value fragmentation across investors, local producers, sales agents, distributors, and exhibitors. Fragmented financial relations create asymmetrical power structures in which distributors and exhibitors impose unfavorable revenue-sharing terms, leaving producers unable to reinvest earnings into future projects. This imbalance mirrors international concerns about rent extraction and the dominance of intermediary gatekeepers in distribution markets (Finney, 2014; Kraidy & Khalil, 2017). International evidence reinforces this diagnosis that ecosystems with fragmented revenue flows and weak domestic distribution power fail to generate the conditions necessary for long-term reinvestment, regardless of production volume (Olsberg SPI, 2021). Their findings highlight that sustainable screen sectors rely on predictable incentives, strong local labour requirements, and domestic retention of economic spillovers—criteria directly relevant to the Saudi case.

The analysis highlights the central role of infrastructure in sustaining production continuity. KSA has invested heavily in studios, service facilities, and location-based support, yet the concentration of these assets in a limited number of regions risks creating geographic bottlenecks. International evidence demonstrates that resilient film industries emerge where infrastructure is geographically distributed and supported by regional film offices—an approach seen in countries such as New Zealand, Ireland, and Canada, where decentralised production clusters helped cultivate

diverse labour pools and embed local creative capacity (Muñoz Larroa, 2020). A similar multi-regional model would enhance KSA’s long-term sustainability by reducing over-centralisation, expanding access to skilled labour, and reinforcing value retention across the national ecosystem.

A third major constraint concerns limited access to audiences. Despite rising national production, Saudi films continue to face structural disadvantages in distribution and exhibition. The local theatrical market remains dominated by foreign-owned or foreign-aligned distributors whose commercial incentives prioritize high-budget international titles. As a result, low- and mid-budget Saudi films struggle to secure sufficient screens, showtimes, and marketing resources. This pattern reflects structural asymmetries documented in other emerging film industries, where unequal market power across the distribution chain limits domestic cinema’s visibility and commercial viability (Falicov, 2022; Shaw, 2013). International frameworks—such as France’s media chronology, regional screen quotas, and levies on distributors—illustrate effective mechanisms for rebalancing market conditions and ensuring domestic film access.

Finally, global streaming platforms reproduce many of the same asymmetries in digital distribution. Although platforms have selectively invested in Saudi originals, they operate without regulatory obligations to reinvest proportionately in national content development. This creates uneven competition, advantaging platform-backed productions while leaving others dependent on local intermediaries, such as CineWave, to negotiate licensing and international rights. Absent clear regulatory coordination—such as reinvestment obligations, transparency requirements, or content-discovery rules—the digital market risks reinforcing disparities rather than supporting a sustainable national cinema (Lobato, 2019; Cunningham & Craig, 2019).

This study has examined the structural foundations shaping the sustainability of Saudi film industry by analyzing its production models, value-circulation dynamics, and the contrasting impacts of *Sattar* and *Kandahar*. The findings demonstrate that sustainable growth rests on three pillars: strengthening financial recirculation, expanding and decentralizing infrastructure, and rebalancing distribution and audience access. While global service-production brings visibility, skill transfer, and short-term infrastructural activation, it cannot anchor long-term value unless

integrated into domestic production cycles. By contrast, locally produced and co-produced films generate deeper cultural returns and higher economic multipliers, reinforcing the broader film ecosystem.

To translate these insights into actionable pathways, several policy recommendations emerge. First, targeted incentives for national distributors – such as performance-based subsidies, equity-linked financing, or tax offsets – would strengthen domestic value retention and reduce dependence on foreign intermediaries. Second, calibrated local-content access requirements in exhibition, aligned with seasonal demand, could secure stable screen availability for Saudi films without restricting market diversity. Third, structured co-production treaties with key international partners would streamline

collaboration while protecting domestic labor and financing interests. Fourth, expanding regional film offices and incentive zones would promote geographic diversification of production and mitigate infrastructural bottlenecks. Fifth, introducing reinvestment or transparency obligations for streaming platforms would ensure that digital distribution contributes meaningfully to national content development.

Through the strategic alignment of production, infrastructure, distribution, and audience development, KSA is well positioned to build a resilient national cinema that is both culturally significant and economically viable. In doing so, the Kingdom can contribute substantively to global creative-economy debates and assert a sustainable presence within the rapidly evolving international film landscape.

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