



digital TV research

OTT Trends in Africa

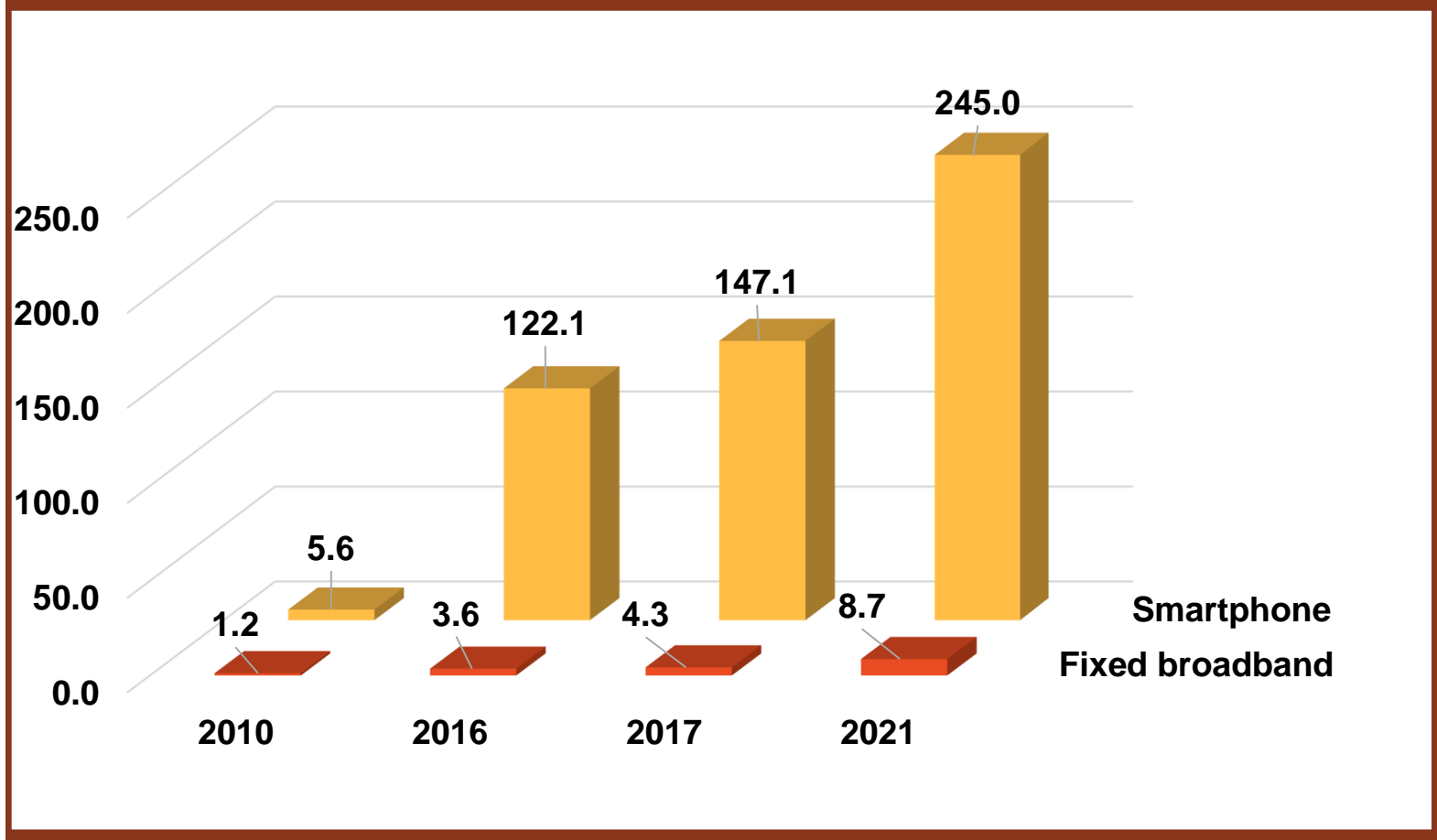
Simon Murray

15th November 2016

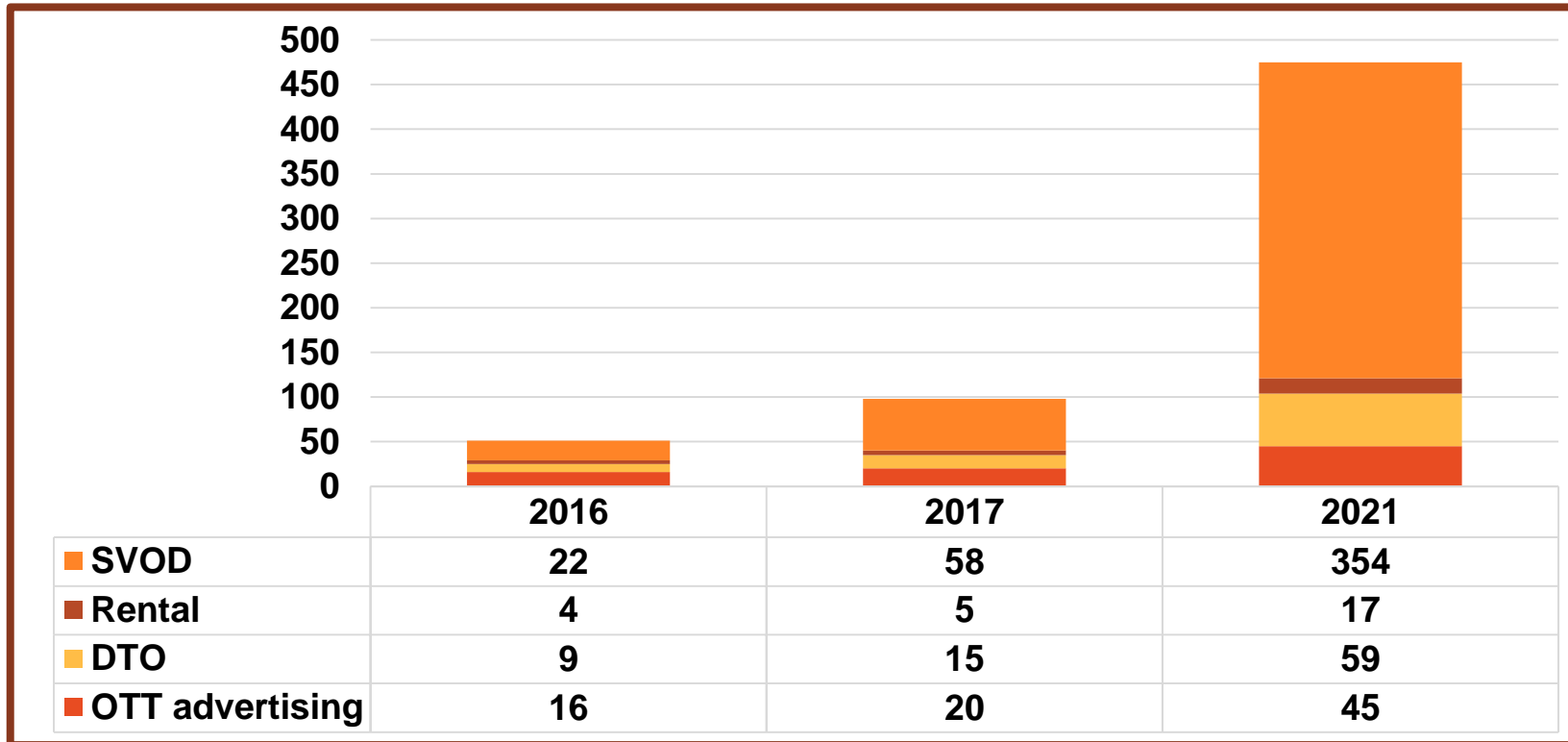
**13 countries covered in the following forecasts
(home to more than 500 million people):**

Angola	Cote d'Ivoire
Ghana	Kenya
Malawi	Namibia
Nigeria	Rwanda
Senegal	South Africa
Tanzania	Uganda
Zambia	

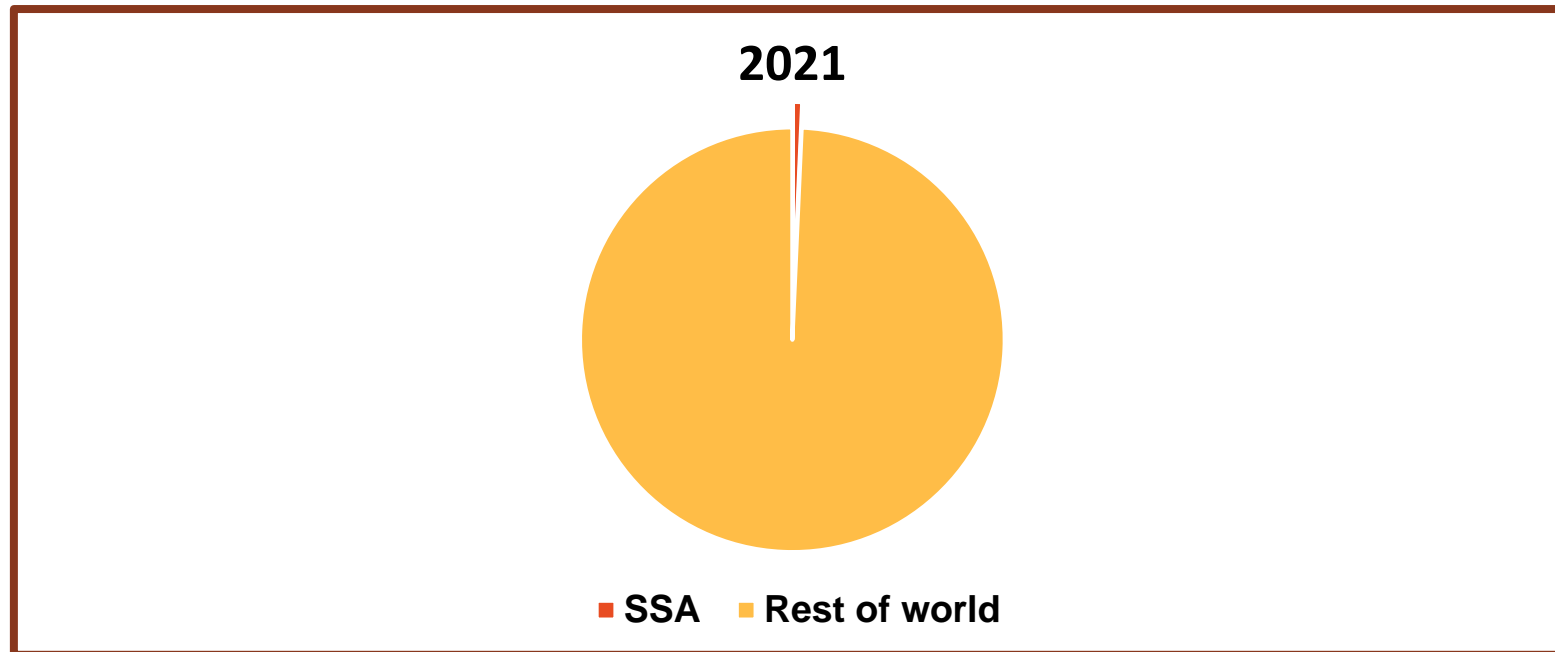
Fixed broadband and smartphone subs (million)



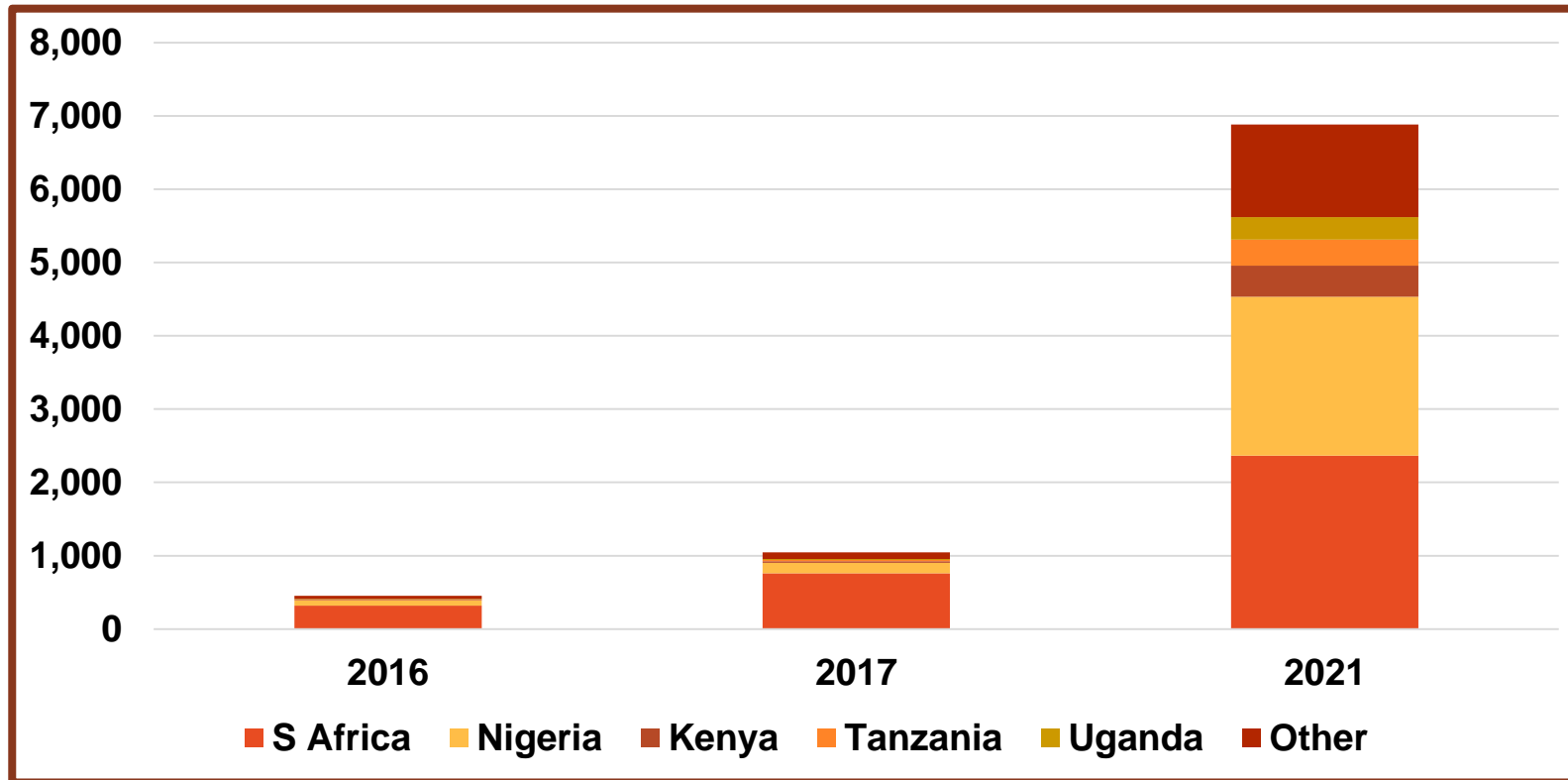
OTT revenues by source (\$ million)



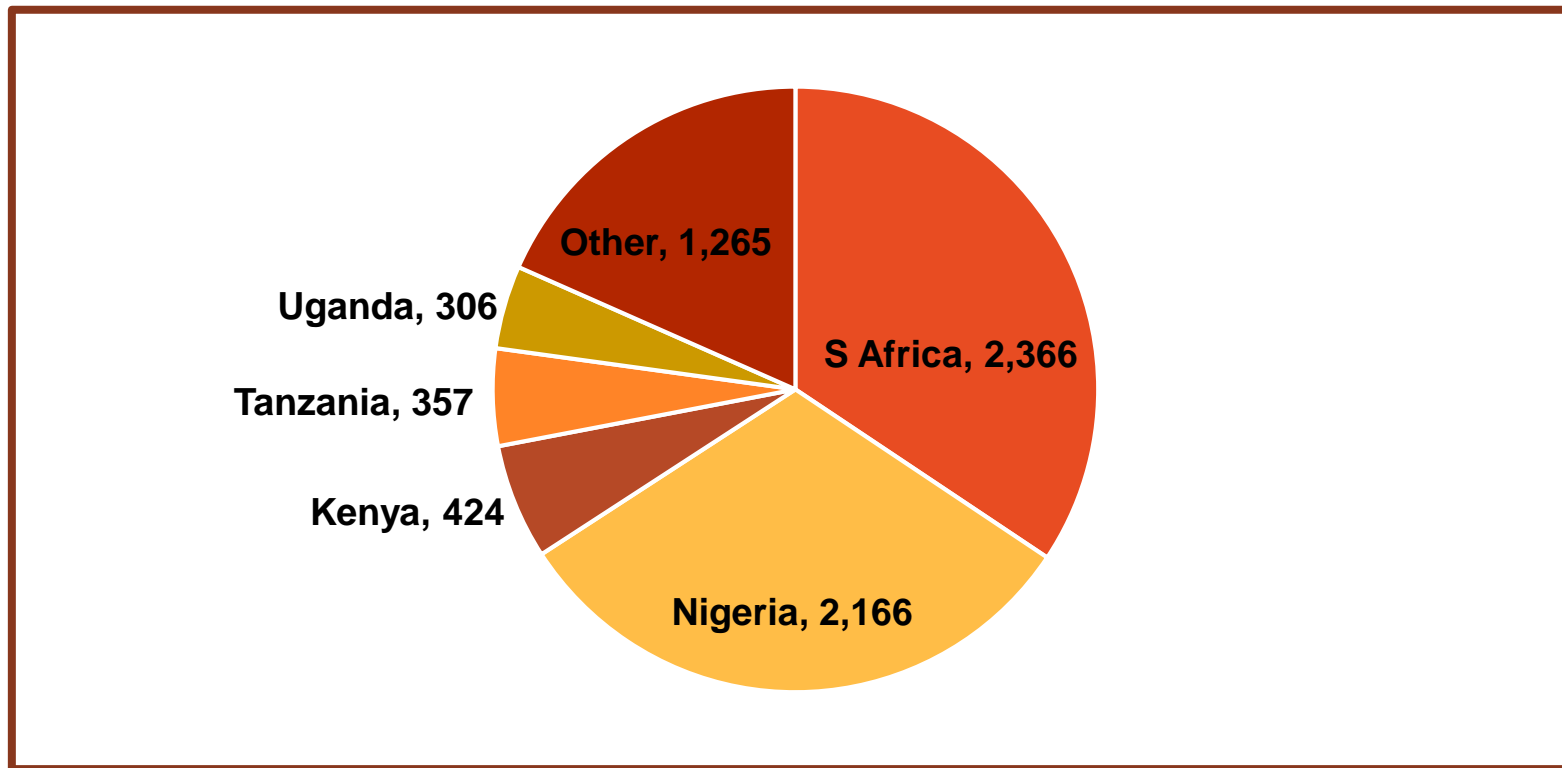
Sub-Saharan Africa as % of global OTT revenues – plenty of growth to come



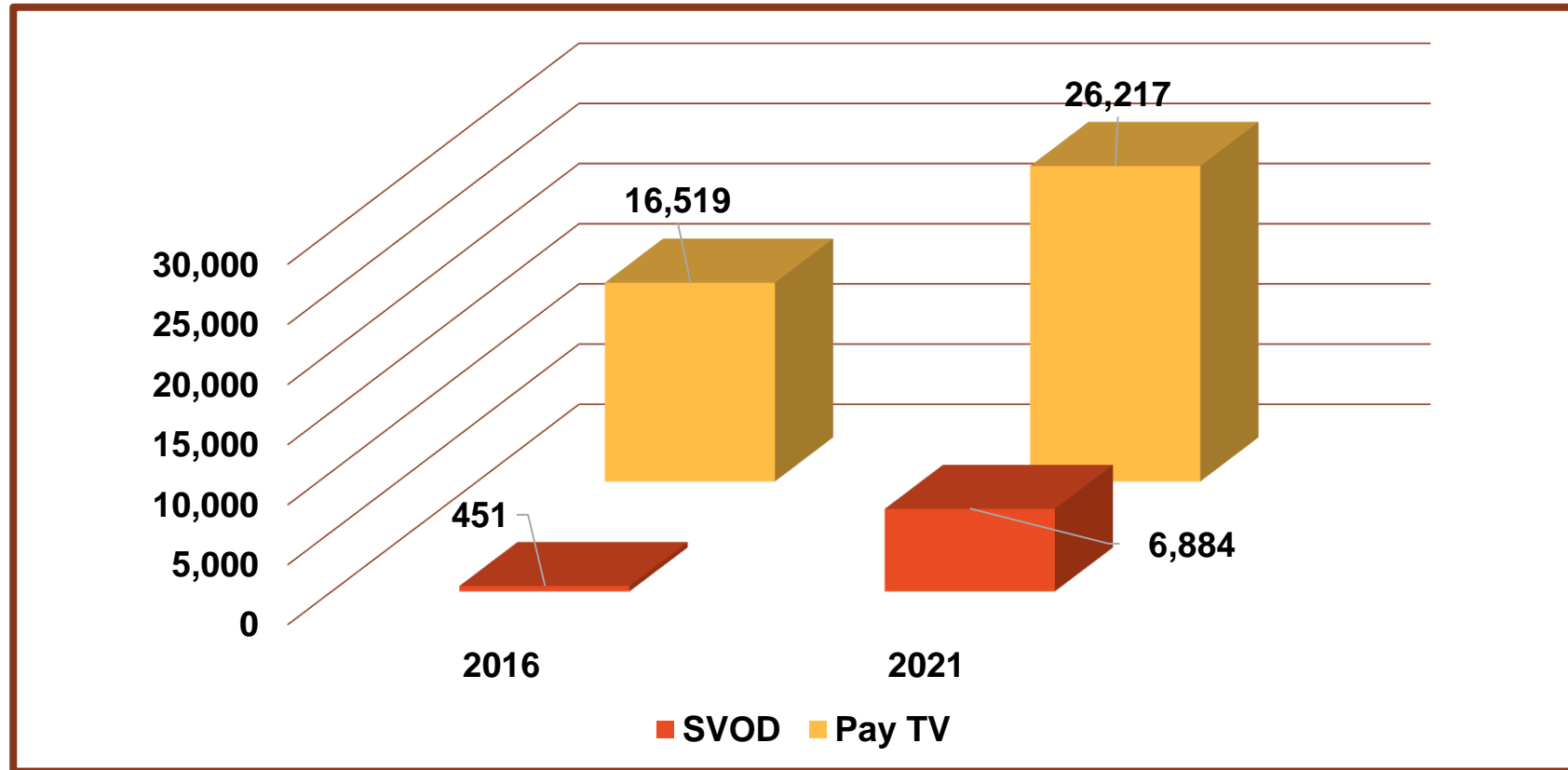
SVOD subscribers by country (000)



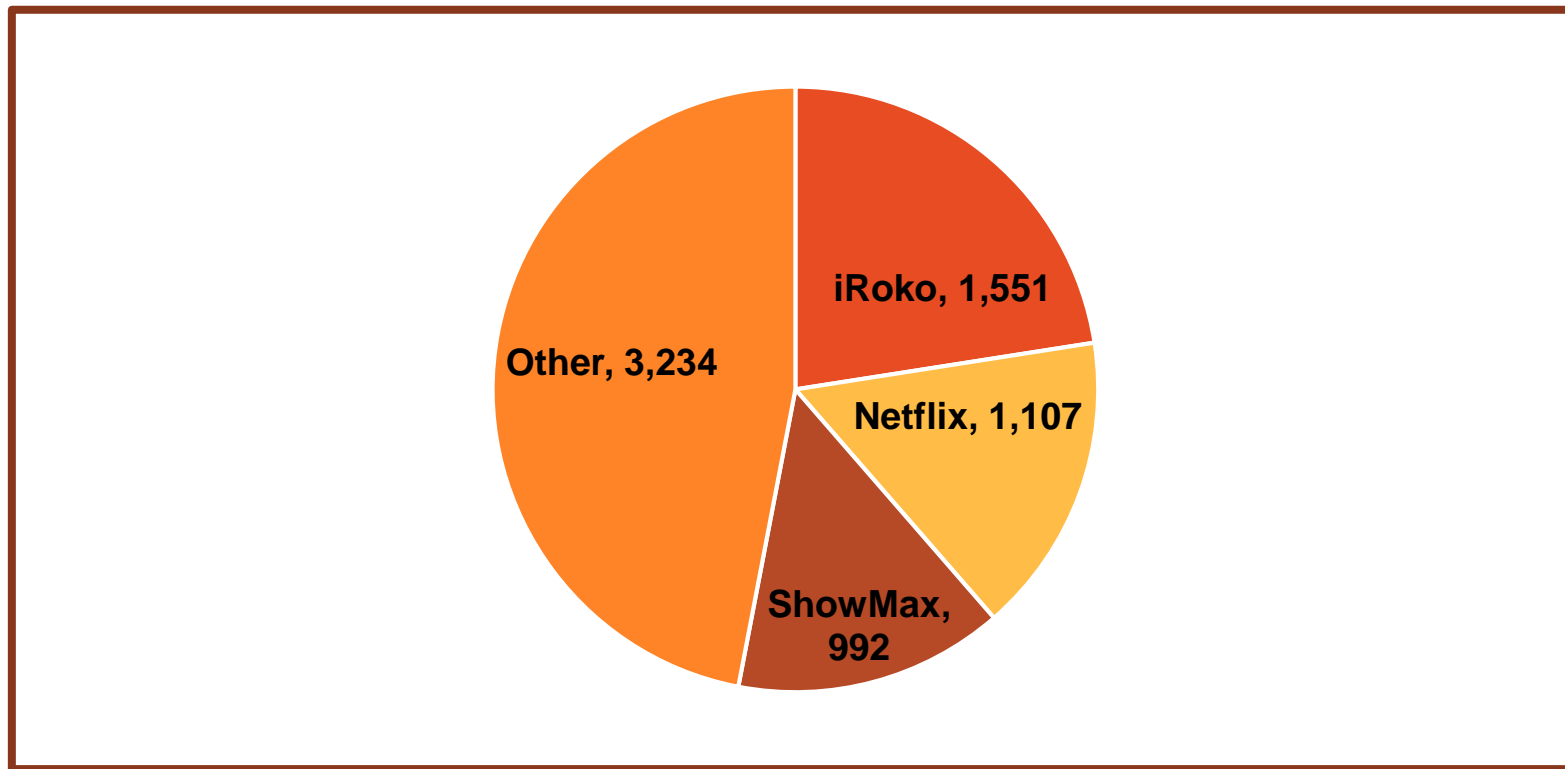
SVOD subscribers by country in 2021 (000)



SVOD subscribers versus pay TV subs (000)



SVOD subscribers by operator in 2021 (000)



Initial launch strategy of Netflix

- **Global pricing expensive at \$8-12/month**
- **Payment must be in dollars**
- **Payment must be by credit card**
- **Nearly all content in Africa is English-language, with little local content**
- **No local partners**

This strategy may well change

Prospects for Netflix by country

Nigeria	<i>Much cheaper local competitors with plenty of local content will limit Netflix's chances.</i>
Rest of Sub-Saharan Africa	<i>Too expensive for most. Limited impact. We do not expect Netflix to localize much in these countries.</i>
South Africa	<i>Good prospects, although strong rivalry from locally-owned ShowMax and others. No local partner announced yet.</i>

SVOD platforms need to maintain good relations with governments and regulators

Netflix ran into some early problems in Kenya and South Africa, which have now been resolved.

Piracy will remain a major problem for all premium content owners in Africa.

Netflix's global approach worked for its rivals

By announcing a flat global strategy, Netflix gave its competitors time to work on alternative strategies.

Local content

- **Hollywood content is popular around the world, but people also want to watch local content.**
- **iRoko has gone to the other extreme of Netflix by offering little Hollywood content.**
- **Not everyone in Africa speaks English – or wants to watch too much content in English.**
- **iRoko offers Nigerians the chance to view locally-produced content and is producing its own fare.**
- **iRoko and Canal Plus have dubbed/subtitled content into French for the Francophone markets.**
- **iRoko offers content dubbed/subtitled into Swahili and Zulu.**

Local distribution partners

- **It is difficult to enter new markets alone. Netflix is yet to announce any local partners, but we expect that will change.**
- **ShowMax has the immediate advantage of being able to use Naspers' DStv and GOtv distribution network.**
- **ShowMax also has a free-data deal with Telkom in South Africa.**
- **iRoko and Canal Plus are partners in Francophone countries.**
- **Pay TV operators, telcos and mobile operators are likely to become more involved in SVOD. MTN already has an SVOD platform in South Africa and Airtel has a deal with Ericsson in Nigeria.**

Local retail partners

- **Credit card ownership is low, so platforms need to establish a retail network to aid expansion with prepaid vouchers. Such networks are already in place with the mobile operators and telcos.**

Local prices

- **Prices for Netflix and ShowMax start at about \$8/month – which is very expensive for all but a small proportion of the population.**
- **Netflix has adapted its pricing in Turkey, with other countries expected to follow.**
- **iRoko, on the other hand, offers its monthly subscription for only \$1.27/month – although it is likely to continue to make more money from its subscribers outside Africa.**

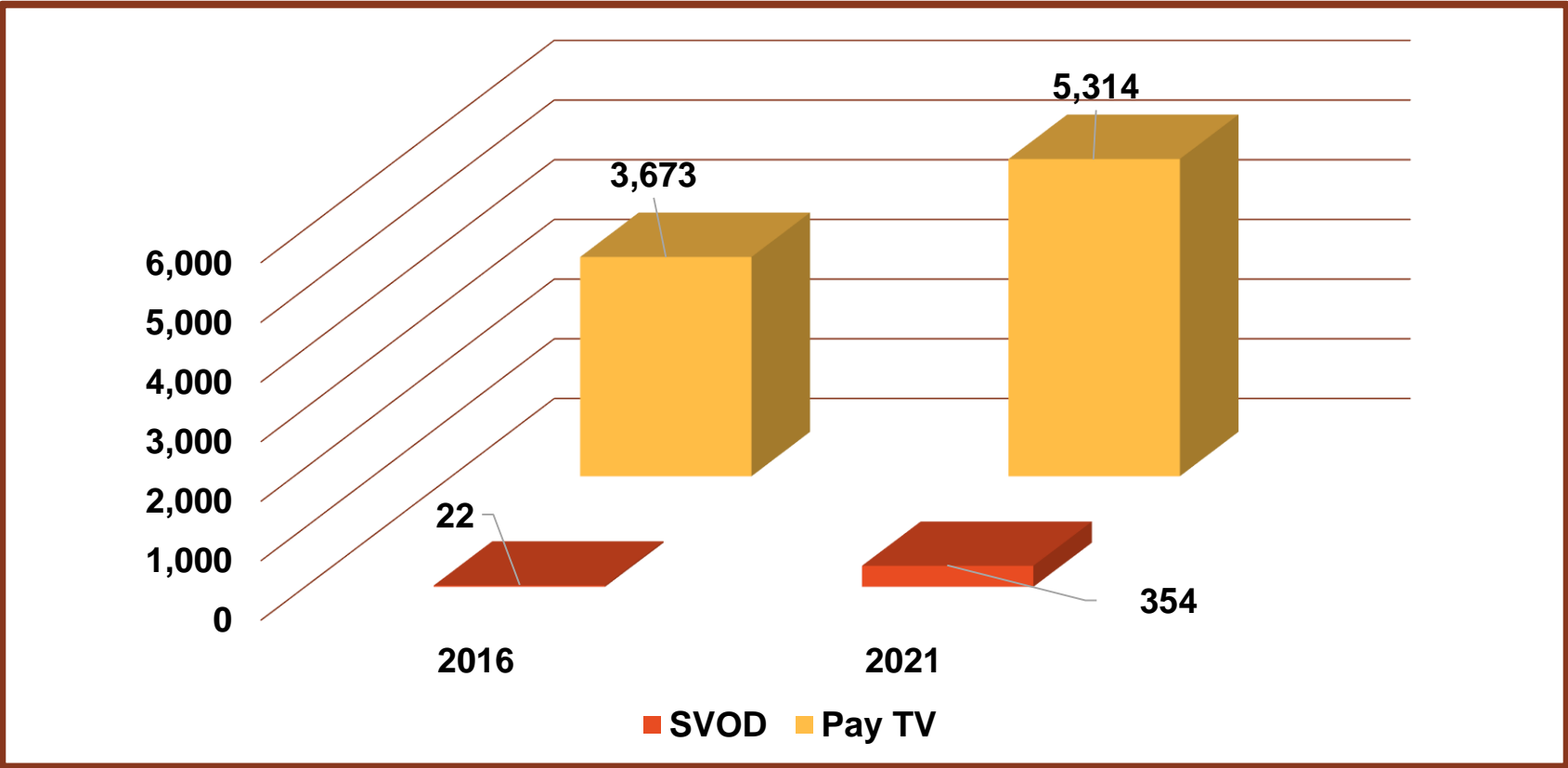
**Where
ShowMax did
not launch**



The advantages of charging in dollars

- **Many African currencies are highly volatile, with several depreciating substantially against the dollar.**
- **Some platforms pay for content rights (especially Hollywood fare) in dollars and need to guarantee this revenue stream.**

SVOD revenues versus pay TV (\$m)



Thank you!

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