

The many VOD markets

The significant growth of linear television in Africa is due to the uptake of solar television sets and electricity infrastructure initiatives in rural areas across the continent, said Russell Southwood, Balancing Act CEO.

 By Louise Marsland 25 Nov 2019



Video Exchange Africa, AfricaCom Panel (L-R): Siddhartha Roy, Cees van Versendaal, Russell Southwood, Ryan Solovei.

Southwood was speaking at Video Exchange Africa at AfricaCom 2019, held at the Cape Town International Convention Centre (CTICC), Cape Town, November 12-14. Video Exchange Africa focussed on the telco broadcast and OTT sectors and discussed the opportunities Africa's transition to digital presents. Southwood moderated the panel discussion on growing OTT services in Africa.

Southwood said that to understand the growth in the OTT (Over the Top) market in Africa, you had to understand the dynamics within the market. He cautioned against relying on the online and mobile behavior of consumers, as while the numbers certainly sounded impressive, actual smartphone usage was still relatively small in the context of the overall population in Africa; and data was still very expensive, limiting viewership via online devices such as computers, tablets and smartphones.

“We have terrific successes on this continent, like MPESA, but it's taken 13 years to get to a developed [payments] ecosystem. VOD (Video on Demand) has been ‘just about to happen’ for five years! The market is driven by behaviour change and it's still all about the cost of data. If you imagine someone from an African country looking for the internet... they ask where the WiFi Hotspot is.

“The other difficulty on the continent, that is not talked about much, is that if your country's currency loses about a third of its value in a year, then you can buy so much less,” Southwood pointed out, referencing the stagnant economies and high debt of some significant African economies, such as Nigeria, Angola, Kenya and Ghana.

He, however, remains optimistic about VOD, because of its convenience. “The amount of time people spend in Africa in traffic jams... you need something to do.”

He also warned that there were several VOD markets that needed to be taken into consideration: “The fan who sits at home watching online, is very different to the person sitting at the back of the bus, struggling to get along.”

In the panel discussion that followed Southwood’s introduction to, *Growing and launching an OTT service in Africa*, the importance of localising content was discussed.

Ryan Solovei, country manager, Viu Africa, said it was crucial to have local content to drive users to broadcast platforms. “We are creating scalability with local productions in order for Africa to produce its own content.”

Solovei sees successful VOD platforms emerging and layered on top of that, subscription models. Distribution through mobile operators was key and those were very important relationships for broadcaster and content producers to nurture.

Siddhartha Roy, COO, Hungama Digital Media, said localisation was important in entering any market. “You need to target and be very clear about how you will invest your brand and how you will invest your content. The big issue in our business is that people get service out but don’t concentrate on consumption. The overall business value of 100% of consumers paying for your content and consuming it deeply, allows you build habit and engagement with the consumer. The consumer asks everyday, what can my ‘dollar’ get for me.”

ABOUT LOUISE MARSLAND

Louise Burgers (previously Marsland) is Founder/Content Director: SOURCE Content Marketing Agency. Louise is a Writer, Publisher, Editor, Content Strategist, Content/Media Trainer. She has written about consumer trends, brands, branding, media, marketing and the advertising communications industry in SA and across Africa, for over 20 years, notably, as previous Africa Editor: Bizcommunity.com; Editor: Bizcommunity Media/Marketing SA; Editor-in-Chief: AdVantage magazine; Editor: Marketing Mx magazine; Editor: Progressive Retailing magazine; Editor: BusinessBrief magazine; Editor: FMCG Files newsletter. Web: www.sourceagency.co.za.
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