

The future of content streaming across Africa and the Middle East

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Despite challenges of internet access, sufficient data and internet download speeds, revenues generated from subscription video-on-demand service (SVOD) across Africa and the Middle East are set to triple between 2018 and 2023 on the back of partnerships with regional telephone service providers and aggregator platforms.



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Ease of access takes centre stage

As we approach a point where the volume and choice of over-the-top (OTT) media services is threatening to overwhelm audiences, the ease of access to these services will take centre stage. Viewers are looking for the quickest and easiest way to access content, be it on television or on smart device screens. In a world of instant gratification, they don't want to wait for buffering, technical difficulties or connection issues. This will be the biggest differentiator between OTT services across the region.

The rise of complementary services

The video streaming space is not a winner-takes-all kind of game. Audiences are often willing to subscribe to more than

one service to access the content they want, when they want. While Netflix, Amazon Prime and Showmax, among others, predominantly focus on drama and scripted content, there's an increasing demand for captivating real-life entertainment that fuels people's passions, is thought-provoking and relatable, and allows for easy-family viewing. Streaming services that 'hero' unique and exclusive content will become complementary services as part of a greater viewing bundle, rather than being seen as a separate product.

As an example, Discovery Networks newly-launched OTT platform, discovery+, showcased over 55,000 episodes at launch in the US, with a mix of entertaining shows like *90 Day Fiancé* and also many which focus more on edutainment - educational content delivered in entertaining and creative ways to drive critical skills development, especially for students learning from home during lockdown. We'll see a rise in consumers seeking sources of enriching content across the region in the future, as the way we learn and work changes.

Local content is king

Content that originates in the US and UK has to work for a global audience to gain critical traction. This applies more so for a global streaming service. Streaming services perform better when they offer a strong local content mix alongside international productions. OTT services that partner with already established in-country broadcasters should collaborate on producing local and native language content that prioritises quality and good production values. This is key to the regional success of an OTT service.

Within Africa, Discovery has focused on the food genre, with South Africa talents including Siba Mtongana and our new talent Chef Nti and Katlego Mlambo, and international shows with local talent such as *90 Day Fiancé*, will be well-received in markets such as South Africa, Nigeria and Kenya; whilst large markets such as Ethiopia, where English is not the primary language, require a focus on dubbed language content.



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The aggregator expansion model

Digital TV Research predicts that OTT revenue in South Africa will have increased from \$116m in 2018 to \$408m in 2024. A key expansion strategy for OTT services is to diversify their consumer touchpoints, prioritising convenience for audiences to be able to access their service. Putting the end user at the centre of their business and distribution model is crucial.

Consumers are increasingly impatient and time-poor and therefore OTT services partnering with established aggregators who have a secured audience, stable service offering and proven success in customer service will reach rapid scale much faster, particularly when an aggregator allows its subscribers to simply add an OTT subscription cost to their existing bill – a prosperous arrangement for all parties. Not only will they carve their place within a new market, it can also aid emerging OTT players in fast forwarding to a launch of their owned and operated in-market platform, where they can nurture the relationship with their audience directly.

Platform partnerships

Due to low credit card penetration across many African regions, when OTT services partner with dominant telephone companies – such as MTN, Vodacom and Safari Mobile – they can offer carrier billing solutions directly to subscribers' mobile phones. This makes access to their services that much easier.

As internet access, sufficient data and internet download speeds remain a challenge across Africa and the Middle East, many telcos are able to offer more affordable video streaming services on a daily, weekly or monthly basis. Vodacom

customers in South Africa, for example, can access Amazon Video Prime, Netflix, Justflicks alongside eight other streaming services.

This kind of partnership can also help OTT services drive scale rapidly as they are able to market to their partner's already established consumer base via an owned and operated app, online stores, SMS and email.

SVOD vs AVOD advertising model

While video streaming consumption has risen sharply in recent years, and will continue to do so with technological advancements, AVOD (advertising-based video-on-demand) is very hard to monetise, particularly in financially smaller markets across the region. In terms of the CPM model (cost per thousand impressions) that YouTube utilises, advertising revenue across Africa and the Middle East is quite low in comparison to more entrenched markets.

With the AVOD revenue model, you have to measure reach very accurately, which can become cumbersome to do so. Compare this to an SVOD (subscription video-on-demand) service offers competitive monthly or annual subscriptions, making it much more consistent and simpler to measure. In either case, subscribers have very much become a measurement for the global revenue of streaming services.

Shareholders are interested in subscriber growth, retention and churn, as subscribers offer a lifetime opportunity of revenue. As an example, Disney+ hit just shy of 74 million subscribers in its first year and that that's the number that everyone talks about, not how many countries they're in or the number of hours of programming they host.

In markets such as Africa, we're likely to see two tiers of funding models and services. The first SVOD tier will offer a premium level subscription content, while the AVOD model will include smaller partners and services with less essential viewing within their programming.

Whichever way operators play it, at the end of the day, if someone subscribes to an OTT service for three years in a row, that's much more valuable than an eyeball that can't be guaranteed.

Mobile only

In Africa and the Middle East, we expect to see mobile-only reign in the future, once the premium level subscription model is saturated. In India, Netflix offers a cheaper mobile-only service as part of their business model, at about half the price of its regular streaming service. While the content cannot be cast or watched anywhere else, this is one way to drive more subscribers.

While OTT services have been accelerating within hubs across Africa and the Middle East, the global pandemic has increased content consumption across linear and streaming services and will surely leapfrog many of our previous predictions, particularly when audiences have been given the power to watch whatever they want, whenever they like – on whichever platform they choose to do so.

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