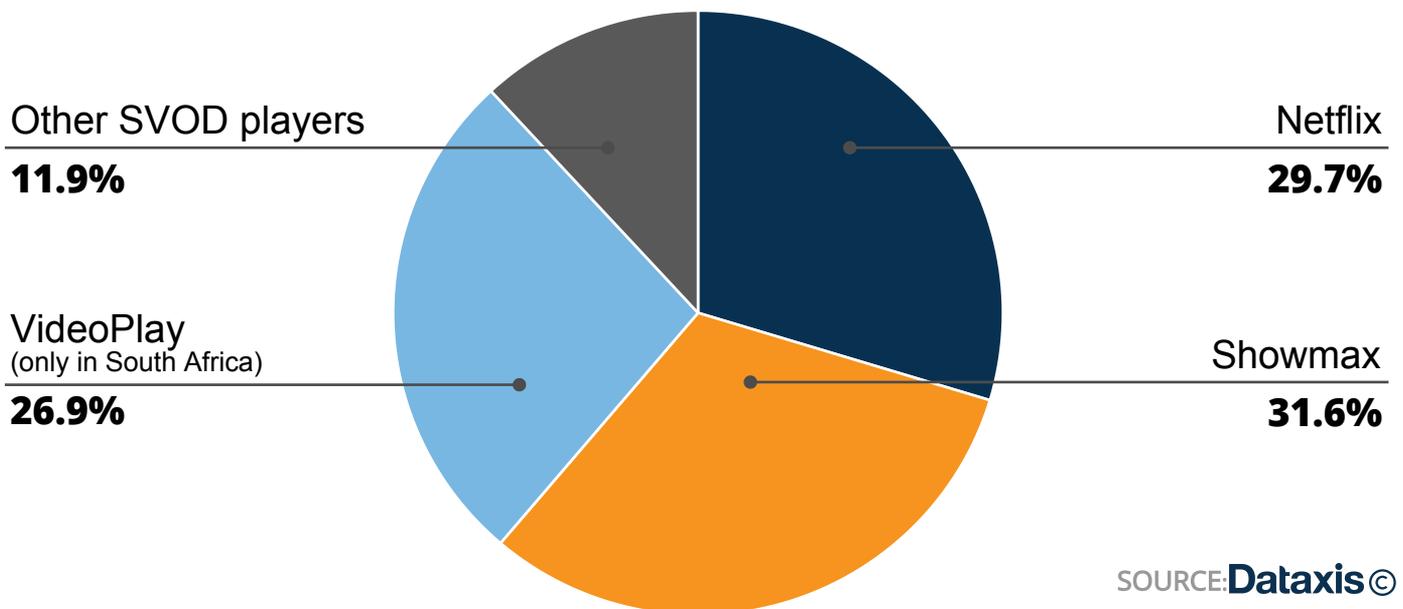


## Has Netflix found the right model for African audiences?

PRESS RELEASE | 28 September, 2021

The launch of a free offer in Kenya in September 2021 exemplifies the recent change in Netflix's strategy to address the African market's peculiarities. Over the last few years, OTT and SVOD platforms have been growing steadily on the African continent but not as fast as expected. Showmax and Netflix are the dominant players in the SVOD market with a market share of 31.6% and 29.7% of subscribers respectively. In the meantime, Apple TV and Amazon Prime Video are struggling to get a foothold in Sub-Saharan countries.

### SVOD market shares in subscribers Q2 2021, Sub-Saharan Africa

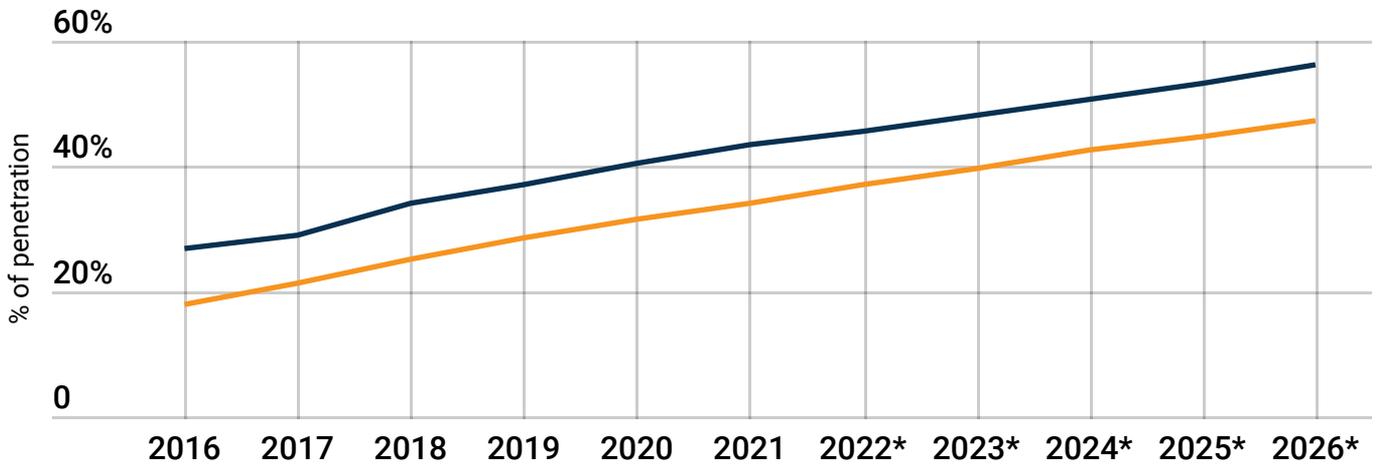


#### What hurdles need to be overcome to enter the African market?

In a region where mobile internet subscriptions represent around 40 times the number of households with fixed internet and continue to grow at a fast pace, OTT platforms are gradually turning to models adapted to mobile consumption. Internet data packages remain expensive and limited for most users, and this weighs on the overall costs of streaming services, whether they are paid or free. In addition, high subscription prices can deter potential customers, especially when they have to choose between their pay TV subscription and an OTT/SVOD service. When taking into account subscription and data costs, their price may be less competitive than a basic Canal+ or DSTV pay TV package offering a large number of channels and wide catalogues for similar prices.

## Mobile internet and smartphones penetration rates

● Mobile internet ● Smartphone



\* Forecasts

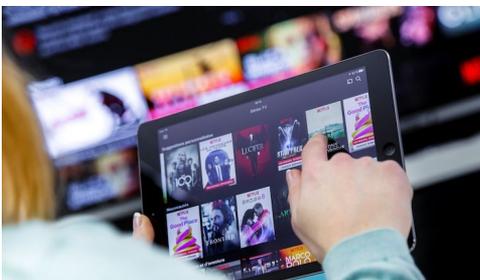
SOURCE: **Dataxis**©

To address these issues, SVOD and OTT players have started to partner with telcos to offer data bundles and payment solutions tailored to African users combined with low-cost subscriptions on a daily, weekly or monthly basis. In January 2021, the African players Showmax and MTN Nigeria launched a special data deal for Showmax Mobile subscribers, enabling them to stream around 25 hours of entertainment for \$5, including MTN data, followed a few months later by Netflix's mobile-only plan amounting to \$3 per month in Nigeria. Thus, if the subscription model is struggling to establish itself in Sub-Saharan Africa, SVOD and OTT platforms redouble efforts to democratize it. The launch of a free offer in Kenya may indicate the emergence of a hybrid SVOD/AVOD model. Meanwhile, the amounts spent on the production of exclusive and local content speak for themselves. Investments from international platforms may well be of great support to the development of local production in Africa, therefore challenging the dominance of leading TV players in the region.

Louise **Jianoux** | Analyst

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