

New start-ups want to become the 'African Netflix'

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A crop of new tech entrepreneurs from Africa and its diaspora are hoping to bridge the continent's growing middle class and booming film industry in a quest to become the "African Netflix".

On its own, the Nigerian cinema industry—known as Nollywood—generated 3.7 billion euros (\$4.1 billion) in revenue and produced 2,000 films last year, whetting the appetites of Internet video-on-demand (VOD) companies.

They hope to move the business online—away from its usual outlet of street hawkers flogging pirate DVDs for a couple of dollars—making it more readily accessible to the estimated 300 million people in Africa's middle class.

"With such a huge potential customer base, it's not surprising that these start-ups are emerging," said Pascal Lechevallier, a new media specialist.

One new venture is Afrostream, founded by African descendants in France in 2013, which has a catalogue of around 50 films and a dozen series such as "Before 30"—a kind of Lagos take on "Sex and the City".

"Today, all the VOD platforms look alike. They all have the same content," said Tonje Bakang, one of Afrostream's co-founders, who was born in France to Cameroonian parents.

He argues that success will come from taking a different approach to the

big players like Netflix and Amazon.

Competition, however, is already fierce.

Nigeria's iRokoTV, which is well-established across the continent, pioneered the sector in 2010 before being followed by other subscription services such as Kenya's BuniTV and South Africa's Africa Magic Go.

"It's good news—the more players there are, the quicker the market will establish itself," said Bakang, adding that he ultimately wants to fund his own productions "in the style of HBO".

Afrostream has already attracted 2,000 subscribers ahead of its launch in September. It has focused its marketing on Senegal and Ivory Coast, and their French-speaking diaspora in Europe, but has big plans for expansion.

"Although the European market remains important for us with 15 million African descendants and 10 million more fans of 'afro' culture, we know that the real market is in Africa, where there's a [middle class](#) of 300 million people," said Bakang.

Afrostream got support from French telecom giant Orange and is currently raising cash at the renowned San Francisco start-up hub, Y Combinator.

Reliance on Nollywood

With elegant, easy-to-use websites and the latest video-playing technology, these new services have nothing to envy in comparison with their Western competitors.

But they still face a number of challenges, not least of which is their

heavy reliance on Nollywood, which means they may struggle to meet the varied tastes of 54 African countries.

"Nigeria might have a real film and TV industry, but it's far from the case everywhere," said Jean-Michel Huet, an emerging markets specialist at consultancy Bearing Point.

And while the number of smartphones in Africa is set to double in the next two years to more than 350 million subscribers, the rarity of high-speed Internet access remains a brake on the spread of VOD services. Punching [credit card details](#) into a website, meantime, is not yet the norm in many parts of the continent.

There is also the threat that the big hitters could muscle in at any time.

Netflix aims to be available everywhere in the world by 2016, and France's Canalplay has made Africa a strategic priority.

"With a budget of \$5 billion for acquiring rights, Netflix can say: 'I will set aside \$100 million for African films' if they see that the market works," said Lechevallier.

"And then the new platforms won't be able to compete."

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