

# Deloitte.

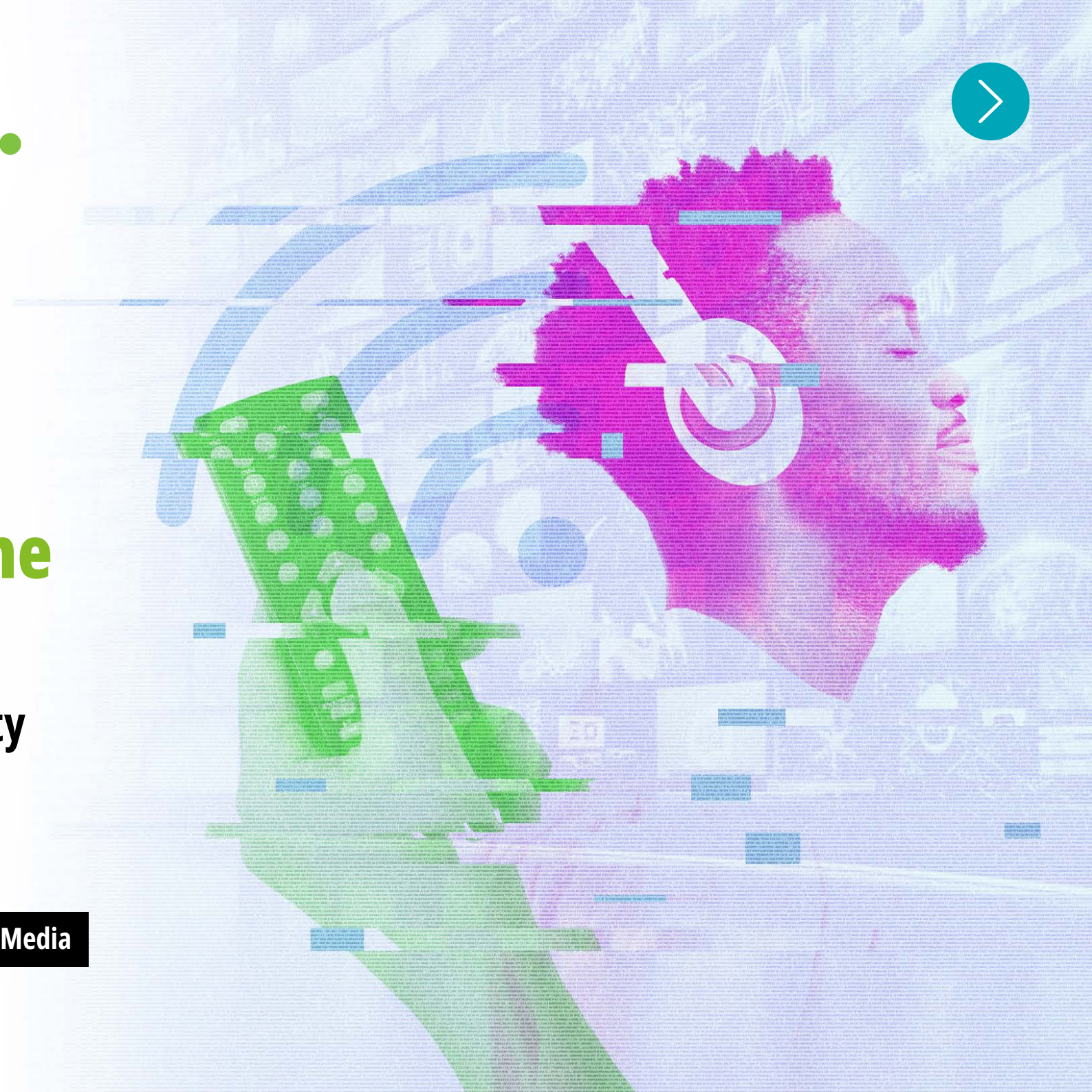


## Navigating the road ahead:

**Balancing affordability and choice in Africa's streaming landscape**

**An African Perspective on Digital Media**

**DECEMBER 2024**





# Contents



**Have we entered an era of enough and choice overload?**



**Local content for global audience**



**The untapped potential of fandom**



**Exclusive partnerships with third parties**



**Creating a winning formula**





# Have we entered an *era of enough* and *choice overload*?

Though it took decades for pay TV to face disruption, streaming's ascent was much swifter. Netflix's 2016 African debut initially faced challenges due to high data costs, expensive devices, and unreliable networks. Yet, technological advancements – improved coverage, reduced data prices, and affordable devices – quickly transformed streaming into a compelling alternative to traditional television and pay TV. As streaming's popularity soared, a wave of new providers entered the market.

The influx of both global and domestic streaming platforms has ignited intense competition for African viewers' attention. These streaming platforms compete not only for the subscribers' money but also for their time. To stand out, they must offer compelling reasons for subscribers to choose them over other platforms.

Like their global counterparts, high-income African households often subscribe to multiple streaming platforms, enjoying access to a wide range of content. Yet, time constraints and an overwhelming variety of streaming choices, lead some to reconsider their subscriptions – increasingly opting to cancel the subscriptions that provide them with the lowest perceived worth.

In addition, due to the dissemination of content across different platforms and the realisation of spending money on content that they don't watch, some consumers opt to unsubscribe from certain platforms.

On the other end of the income spectrum, which represents most consumers in many African countries, entertainment offerings – including streaming platforms – not only compete for time, but for a share of the consumers' wallet. In this market segment, with low disposable income, many consumers need to choose between the purchase of essential goods and services such as food or housing over non-essentials like digital media and entertainment services. In this price-conscious environment, digital media providers need to convince consumers that their offerings provide the best value for money and are worth the investment.

Beyond traditional streaming platforms, a range of social media platforms with user-generated content have quickly emerged as serious competitors for viewers' attention and time. These free platforms provide a compelling alternative to subscription services, attracting budget-conscious consumers.

In addition, the algorithms deployed by these social media platforms curate personalised content, often in short bite-size, engaging formats, that keeps consumers scrolling for hours watching their favourite content personalised to their preferences with targeted advertising.

User-created content is often more affordable and appeals to price-conscious consumers, and its relatable nature, often created by people from similar backgrounds, resonates well with local audiences. Thanks to advertising revenues and endorsements to promote specific products or brands, creating content for social media has become a lucrative endeavour for creators with a large following ensuring a constant stream of new content.

Given high churn rates and the popularity of alternative and often free competitors, streaming platforms need to rethink their business models and their content offerings to increase loyalty, increase personalisation, drive more value from advertising and bring in generative AI to keep consumers on their platform. This might involve prioritising local content, leveraging user-generated content and influencers to engage audiences and drive traffic towards subscription-based platforms, building communities around specific content, and the development of exclusive partnerships with third parties that offer more competitive subscriptions models.





# Local content for a global audience

Many streaming platforms produce their own content instead of buying content from independent producers or rivals. This allows streaming platforms to exert greater control over the content, to cut costs and create exclusive content that attracts subscribers. Global streaming providers are increasingly investing in local African content to appeal to their audience. Locally produced content that tells African stories with characters that viewers can easily identify with due to cultural proximity and language resonates better with audiences than internationally produced content. Several local productions have enjoyed global success, showcasing the growing popularity of African culture worldwide, partly driven by the African diaspora.

The global expansion and popularity of India's Bollywood serves as a compelling example of how regional content can attract a global audience and elevate the local film industry. Africa's film industry has a similar opportunity to fast-track its growth through the rising popularity of African content. Consumers across communities expect to see inclusivity in media and entertainment content; and production studios, streaming services, and other entertainment providers should be mindful of the stories they tell, the talent they hire, and the behind-the-scenes professionals they recruit. These expectations will likely only grow stronger as generations continue to be more diverse.



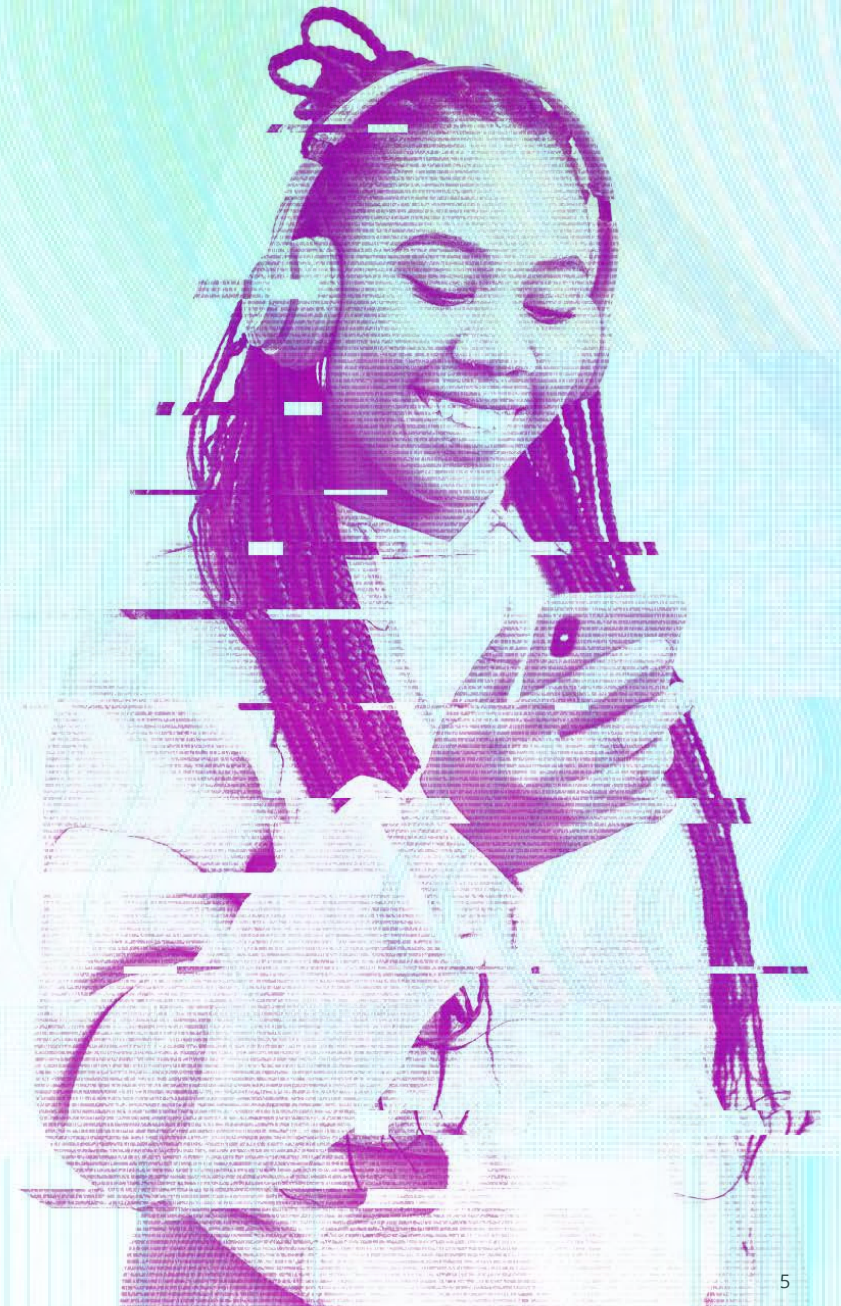




# The untapped potential of fandom

Viewers seem to have become more loyal to a specific show than they are to the streaming platform, leading to a subscribe-unsubscribe cycle. As content becomes increasingly fragmented, breaking this cycle will become critical for business success. Month-to-month subscriptions and the on-demand availability of content used to be a strong drawcard for streaming services as they started to compete against traditional pay TV offerings in the past; however, today these appealing features have become a challenge for streaming platforms as they compete among each other for subscribers' loyalty in certain markets. The rise of direct-to-consumer sports for certain sporting competitions further reduces the need to subscribe to packages that potentially include relevant content to certain viewers.

In this context, streaming platforms can capitalise on the intrinsic human need for connection and belonging. By focusing on shared values and interests, particularly through sports, platforms can build strong communities. This approach could offer digital media providers a competitive edge in the race for subscribers. This also links to the importance and attractiveness of local content that tells stories that African viewers can relate to. For many people, being a fan is core to their identity. Whether it's video games, TV and movie franchises, musical acts, or sports teams, fans are willing to spend and follow their favourites across entertainment platforms. Identifying fan-worthy franchises early on, fostering fandom, and providing more ways for customers to engage (and spend) could be essential for M&E companies looking for more revenue and loyalty.



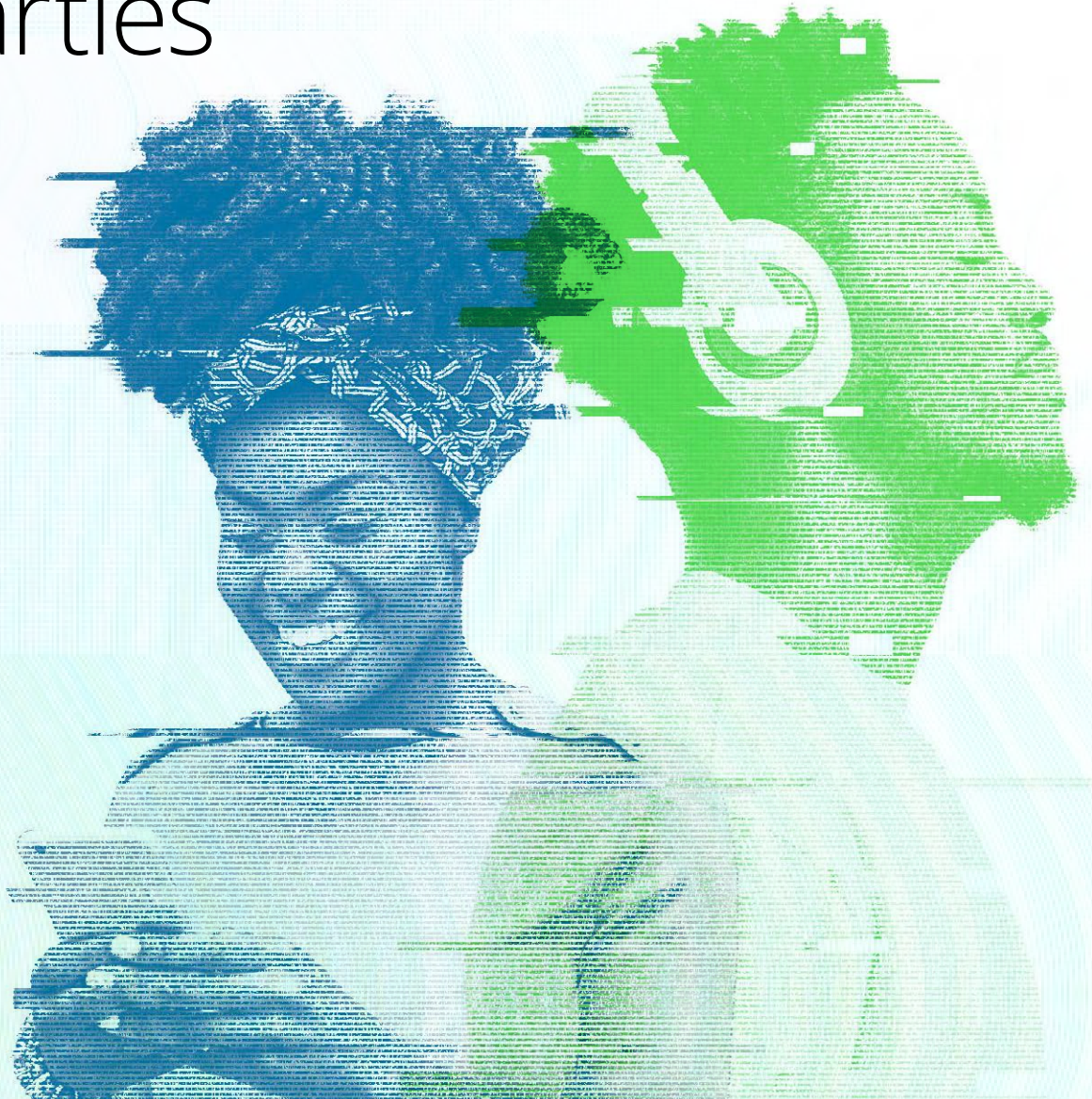




# Exclusive partnerships with third parties

Partnering with third parties can address the affordability issue of streaming services and provide access to a captive audience. Telcos or banks, with their extensive customer bases, are ideal partners. Telcos can offer discounted or free data, while banks can subsidise subscription costs. Telcos and banks tend to have a wide reach due to their customer base and are therefore attractive partners for streaming providers. In return, banks and telcos do not have to invest in costly content creation or rights but are still able to diversify and differentiate their service offering by partnering with streaming providers.

Successful partnerships require exclusivity and need to allow both parties to keep their customers engaged with their product or service. Given the importance of access to user data to gain meaningful consumer insights, such access needs to be available to both parties. By doing so, the content provider and its partner can leverage the data to refine and tailor their offerings to the needs of their customers.







# Creating a winning formula

Going forward, it will remain challenging for digital media companies to attract and maintain a sustainable subscriber base. Standing out in a world of choice overload and affordability issues will be tough. It will require the development of innovative business models and partnerships – be it with telecommunication companies, banks, or influential content creators – that go beyond providing appealing content. Companies that foster a sense of belonging and community will be more likely to gain the loyalty of their audiences.

Successful partnerships require exclusivity and need to allow both parties to keep their customers engaged with their product or service. Given the importance of access to user data to gain meaningful consumer insights, such access needs to be available to both parties. By doing so, the content provider and its partner can leverage the data to refine and tailor their offerings to the needs of their customers.





# Key contact



**Mohammed Shaikh**  
**Partner**  
**TMT Lead Client Service Provider**  
mohammeds@deloitte.co.za

# Author



**Simon Schaefer**  
**Insights Leader**  
**Deloitte Africa**  
sischaefer@deloitte.co.za





# Deloitte.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (DTTL), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our professionals deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte’s approximately 457 000 people worldwide make an impact that matters at [www.deloitte.com](http://www.deloitte.com)

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (DTTL), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

© 2024. For information, contact Deloitte Touche Tohmatsu Limited.

Designed and produced by Creative Services at Deloitte, Johannesburg. (ant)