

Nigeria



NIGERIA



STATS



Population 214.0m



GDP (purchasing power parity)

\$1.121tn

GDP per capita (PPP) \$5,900



Internet users 47.8m

Per cent of population 25.7%



Broadband connections 73,965

Broadband - subscriptions per 100 inhabitants <1



Mobile phone subscriptions 173m

Sources: CIA World Factbook



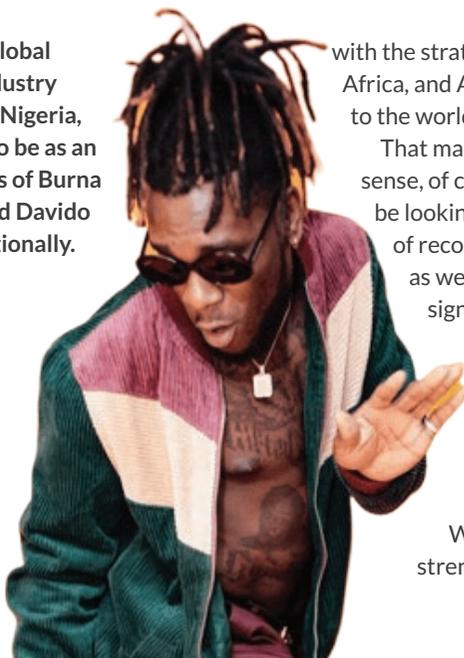
Internet penetration is still a problem when it comes to streaming as the cost of data is still on the high side; but, as accessibility and affordability improves, we'll see streaming grow more and more..."

- Paul Okeugo, Chocolate City Group

Nigeria is bursting with musical talent. But should it also be considered a potential source of revenue for labels?

When the global music industry thinks of Nigeria, it tends to be as an A&R source, with the likes of Burna Boy (pictured), Wizkid and Davido all making waves internationally.

When Universal Music opened a Lagos office in 2018, its new general manager, Ezegozie Eze Jr, told the BBC that local talent "is burgeoning and blooming and the international market is yearning for more"



with the strategy being "to take West Africa, and African music in general, to the world".

That makes a certain amount of sense, of course. But should we be looking at Nigeria as a source of recorded music revenue, as well? Certainly there are signs of potential. Nigeria has a population of around 214m; it's a very young country, with 41.7% of citizens under the age of 15, according to the CIA World Factbook; and the strength of Nigerian talent

indicates how important music is in the country.

Balanced against this is the cold, hard financial reality. According to PwC's Entertainment & Media Outlook 2019-2023 report, total recorded music revenue in Nigeria was \$32m in 2019, around \$0.15 per head.

That is far lower than the per-capita totals in China, Turkey and Russia, three countries

renowned (perhaps unfairly) for being unwilling to spend money on music. Nigeria is far from rich, either: GDP per capita was just \$5,900 in 2017, less than a third that of China.

At the same time, music income is on the increase: PwC reported that recorded music revenue in Nigeria is projected to increase at a compound annual growth rate (CAGR) of 5.6% over the next five years, reaching \$40m in 2023. PwC predicted that Nigeria would be the world's fastest-growing entertainment and media market over the coming five years, thanks to the boom in mobile internet - although it acknowledged that this is in percentage terms, with Nigeria starting from a low base.

MARKET PROFILE

Nigeria continued...

As in many other parts of the world, streaming is leading the growth in recorded music in Nigeria. PwC said that music streaming revenue there was just \$5.4m in 2019, although this was up from \$1.8m in 2017. It predicted that streaming revenue will rise at a 39.6% CAGR over the next five years to reach \$17.5m in 2023. At the same time, ringtone and ringback sales will fall – slipping from \$23m in 2019 to \$19m in 2023 – as Nigeria moves towards streaming.

Certainly, Nigeria is well served for music streaming services, including Apple Music, Deezer, Audiomack, MTN's MusicTime, uduX, Naijastastic, Smubu, Playfre and TrackDrip. The most important service, however, is probably Boomplay, which claimed to have 62m users across Africa in December 2019. Boomplay is owned by Chinese mobile phone manufacturer Transsion Holdings (alongside NetEase) and comes pre-installed on Transsion handsets – reportedly the best-selling handsets in Africa.

This gives it a massive advantage, although the 62m figure should be taken with a pinch of salt, especially given that Boomplay defines an active user as anyone who logs into the app more than once after downloading or opening an account.

Joe He (pictured right), the Chinese tech industry veteran who launched Boomplay in 2015, told Wired that the idea was to create “an Africa-centric music streaming service that not only provided legal and licensed music for users, but that was transparent and could be responsible for helping artists earn



the royalties and revenue they deserve”.

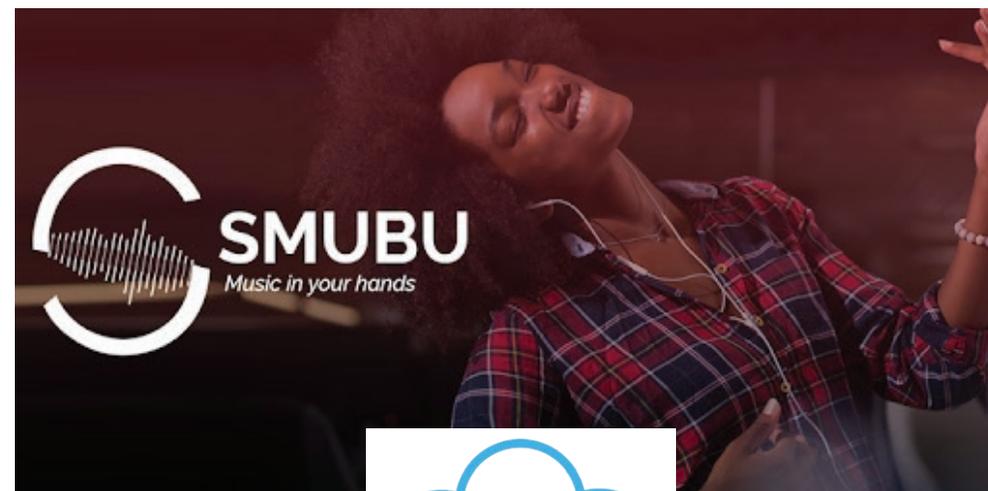
With a catalogue of around 5m songs, deals with all the major labels in place and an emphasis on African artists, Boomplay seems pretty far down this road.

And yet it faces considerable challenges.

Monetisation remains a

problem in Nigeria, where people are often unwilling to pay for music and many artists are unwilling to charge for it. Nigeria's digital infrastructure is poor, too. PwC reports that, while mobile internet access is theoretically available almost everywhere in Nigeria, the quality and reliability of service is varies enormously.

PwC found that there were only 1.3m high-speed mobile internet connections in Nigeria, compared with 65m low-speed



connections. “The quality and reliability of internet services is absolutely a huge issue for the music business,” says Paul Okeugo, co-founder and COO of Nigerian record label Chocolate City Group.

“It affects so many aspects of the industry – not just the volume of streams, but also the quality of live sessions, as well as the sharing and uploading of content. There are also challenges around enabling payments from people who don't have credit cards and also piracy, particularly illegal sideloading.”

What's more, while smartphone usage has increased rapidly, 4G roll out in Nigeria is proving a challenge and data remains relatively expensive. Okeugo, however, is optimistic about the possibilities of streaming. “Internet penetration is still a problem when it comes to streaming as the cost of data is still on the high side; but, as accessibility and affordability improves, we'll see streaming grow more and more,” he says.

“The potential is massive. Most streaming services run on a freemium model because the paid subscriber base is currently low compared to the population and opportunity;

but this will change with time as internet penetration grows and the right pricing models are introduced.

“The more people can afford data, the more they'll stream not just music, but movies and TV shows as well.”

As a result, he believes Nigeria's music industry “has huge potential”.

“And we're uniquely advantaged because we have the ability to absorb from other cultures, creating an interesting fusion that can appeal to people worldwide,” he adds. “Nigeria also consumes quite a lot of international content and our tastes are eclectic. With the entire world beginning to latch on to Afrobeats and Afropop, we're really just starting to scratch the surface of our potential.” 😊