

DIGITAL CONTENT

Thank you for the music

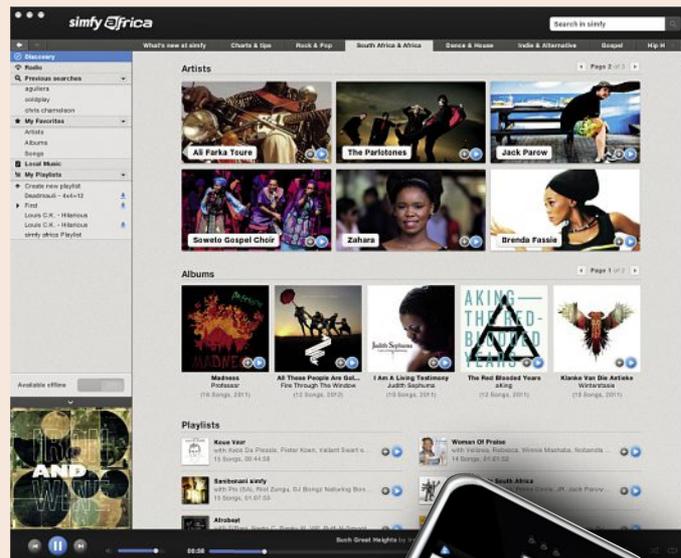
Internet and mobile music platforms are targeting the African market, which should benefit both musicians and listeners

To the frustration of fans, the pioneering music streaming service Spotify is unavailable in Africa. There are ways of tricking the system – a Google search will show you how – and this shows that the music business has been slow to develop the African market. As the race for the continent's digital market heats up, companies are launching streaming and downloading platforms, some in partnership with mobile network operators. Informa, a UK-based telecoms and media consultancy, estimates that mobile music revenue in Africa will more than double by 2016, generating \$474m. This lags well behind the projected \$1.2bn in revenue from mobile music in western Europe in 2016.

Simfy, a German company based in Cologne, teamed up with South Africa's eXactmobile in August to provide a music streaming service for computers and smartphones for R60 (\$7) per month. "We've looked at Africa as a fantastic opportunity for growth, and South Africa is a natural starting point," says Simfy Chief Executive Gerrit Schumann. Simfy's service is limited to South Africa, leaving the majority of the continent without access. Schumann hopes that 40% of Simfy's customer base will come from Africa in five years' time.

BIG SPENDERS

Nigerian investors launched Spinlet, a music download platform, in May. It has 200,000 subscribers who download music to handheld mobile devices. Eric Idiahi, the company's chief executive, plans to have a million users by the end of 2012. Using a model that helps un-



signed African musicians, Stockholm-based Menyou provides a digital link between musicians and their fans. "Our first music content was African," says Kisito Diene, the company's manager for Africa. "This is the first time a music company is starting from an African point of view and then spreads outwards."

Artists or aggregators can upload music to the site and receive 90% of the money generated from selling it, with 10% going to Menyou. "The African diaspora wants productions from their own countries, but they have to go to Clignancourt [in Paris] or Harlem [in New York] to buy CDs. Now we make it available cheaply on the internet," says Diene.

The unstructured nature of the market has held companies back from pursuing the digital music business in Africa. "If you want to build up a catalogue of music in Nigeria, you have to speak to hundreds of people," says Guillermo Escofet, senior analyst at Informa. "In the west, you only have to speak to four labels and you have 90% of the market covered. In Africa it's completely fragmented."

\$474m

Projected revenue for the African mobile music industry in 2016, according to Informa

Download platforms like Simfy and Spinlet are gaining a foothold in the African market before larger international media groups enter the game

Major players such as Sony and Universal have been slow to enter the African market and realise they may be losing out to smaller and more agile newcomers. The AfricaCom telecoms conference, to be held in Cape Town in November, will host its first event with Billboard Digital Music Africa for record labels and digital music companies. At the same time, mobile operators want to increase the amount of data downloaded by subscribers. South Africa's Vodacom reported in July that 16 million of its customers are now regularly using data services, with mobile data revenue up 10% on 2011. While France Telecom's Orange launched unlimited music streaming services in Mauritius and Côte d'Ivoire in June, a large part of the African market remains uncovered. As mobile operators lead the way, importing foreign business models such as using music to replace "ring-back tones", there is a risk the artist gets only a small portion of the revenue. Without centralised reporting of revenues, the profitability of the business is unknown. "Someone is making money," says Escofet, "but it's not the artist." ●

Rose Skelton in Dakar