

MTN Nigeria

Let me entertain you



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Nigerian operator MTN has pledged to add digital services developed in-house to its digitization portfolio, a move that will help solidify the operator's value and industry chains, position MTN as an ecosystem architect, and create new revenue streams.

By Li Chenwei, Guo Jun



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While the Internet of Things and virtual reality have landed in the developed world, operators in emerging markets are struggling to find new ways to grow and generate profits. Caught in the trough of a U-shaped recovery curve, for them the economic and industry outlook remains stubbornly sluggish.

Rough digital terrain

With a penetration rate of less than 20 percent, smartphones have yet to reach the masses in West Africa. Despite the dominance of feature phones and relatively low individual disposable income, users still want the same digital entertainment experience as smart phone users get – a demand that’s tough to deliver on for a number of reasons.

The first major obstacle is that low smartphone penetration makes it difficult to deliver content to over three-quarters of Nigerians. The second is that although the nation has a strong entertainment culture, with Nollywood coming in as the second largest film industry in the world, very little homegrown content is carried

by mainstream OTT platforms. And third, only 10 percent of Nigeria’s population of 180 million has a bank account, meaning that content and service providers lack convenient and secure payment and monetization channels. The broken industry chain also means that many artists and content partners are unable to monetize their content, and distribution is poor on traditional sales channels such as CDs, VCDs, and film.

However, the opportunity for operators to provide their own digital services exists. Certainly, being the first mover to enrich people’s communication and entertainment lives will inevitably pay huge dividends both in revenue and branding.

MTN’s 2020 Digital World strategy seeks to do exactly that by becoming the continent’s first digital entertainment brand.

You can’t go it alone

MTN Nigeria teamed up with Huawei to set out a unified strategy for creating new digital entertainment platforms to house the entertainment triangle: music, videos, and games. Each of these platforms will help MTN



and its partners enter a US\$600 million industry.

MTN's unique position in the industry chain gives it two strengths to overcome market obstacles: one, copyright protection; and two, a simple and smooth payment channel with credible billing capabilities.

Music+

MTN Nigeria and Huawei jointly launched Music+ in July 2014. Thanks to a team effort involving all partners in marketing the service and optimizing how it's delivered, Music+ has since become Africa's largest legal music distribution platform and the most profitable of the digital offerings in the market.

Strong on marketing

MTN has built its own high-quality, efficient offline and online marketing channels by working with and managing channel partners. One of its offline channels includes cross-marketing with a caller ring back tone (CRBT) service, which promotes Music+ with a capacity of 5 million text messages and cross-markets by selling songs that can be used as CRBTs.

Online marketing channels include official Facebook and Twitter pages for Music+, which allows deep interaction between users and the service. Channel partners include EasyTaxi, KFC, and Africa's largest online shopping site, Jumia. Music+ and the partners benefit each other's customers, and thus each other.

Channel management involves close contact with partners to understand resource allocation trends and discover signs of new activity, bundling brands that can cross-promote each other and jointly launching offerings.

As a result, Music+ has gained an average of 100,000 subscribers a month.

Adding appeal with local content

The rich culture of West Africa means that people tend to prefer local digital entertainment content, a genre that's rarely provided by international OTT providers. Music+ fills this niche, using its localized content as market entry and unique selling points. The platform so far features 90 percent of local mainstream copyrighted content, debuting on average 200 exclusive new songs every month. In total, 2,000

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new songs are added per month, while user generated content (UGC) accounts for almost 10,000 songs. MTN's belief that content is king, especially local content, has proven to be true.

MTN complements Music+ and boosts its interactivity potential with reality TV shows, silent concerts (where people listen through headphones), celebrity meet and greets, public MTN events, and a UGC platform.

Drilling down to segments

Feature phone dominance prevents 80 percent of West Africans from accessing digital music through apps. Music+ responds to this with a WAP platform, through which users can access the service's enormous library of high-quality music.

MTN has also developed a number of packages of various lengths for both smartphone and WAP users. To encourage use, the packages provide zero-rated data for specific services and a number of other benefits, such as 150 MB of zero-rated data on first login and 50 free song-plays per month.

MTN continually improves Music+ with measures like free login, one-click orders, a

constantly evolving UI, exclusive content ads, and fewer ad banners on the WAP service.

Not forgetting the network

The surge in user data from Music+ has increased the load on MTN's wireless pipeline, which will only climb higher with the recently launched digital games platform and upcoming video service.

To push forward with digital transformation, MTN began deploying an xMbps network with precise site expansion in 2014, increasing network construction standards from an initial 0.6 Mbps to 2 Mbps in 2015. The operator is continuing to raise network quality, construction standards, and user experience in 2016.

MTN Nigeria and Huawei will soon launch the video platform, which will combine with the digital games and Music+ services. The three platforms will continue to help MTN expand its presence in the digital entertainment market, drive new revenue growth, and encourage the creation of content by local people for local people. [www](#)