

Sunday Times

ANOTHER month, another new online video-on-demand service in South Africa, another new digital music subscription service.

This week, Google launched its Play Music subscription service in South Africa.

MTN quietly earned its pioneering video-on-demand service, FrontRow, and announced a new service called VU, offering more flexible packages and payment options. This comes shortly after the launch of OntapTV by PCCW, a division of Hong Kong-based telecoms player HKT. These entrants join battle with Times Media's Vidi

Veni vidi vici – Netflix is on its way to join video-on-demand battle

and Naspers's ShowMax.

Tellingly, most of the competitors have revised their pricing or payment structure since launch.

Vidi has the most accessible service, starting at R5 a day, while ShowMax has sewn up the widest range of content, and made it available across the most platforms. Both offer a standard subscription service to catalogues of movies and TV series at R99 a month – a third lower than at launch. VU comes in at the same price, slashing

the FrontRow cost. OntapTV offers a little less content for R89 a month.

Why this flurry of activity, slashed prices and rebranding, when it appears that the market for online video-on-demand remains tiny in South Africa?

A clue lies in whispers that the global leader, Netflix, has brought forward its local launch. First set to enter this market towards the end of next year, it must have realised that most of the potential customers making up the low-hanging fruit



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of this market will have committed themselves to rivals by then.

The original timing appeared to be premised on the assumption that the current explosion

of fibre to the home services will have reached a critical mass of households by end-2016.

But with nimble players such as Vumata, Metrofibre and Maboneng Broadband having prodded Telkom into action, tens of thousands of homes will have high-speed broadband by the end of the first quarter of next year. The typical speeds on offer are 50 and 100 megabits per second, with data allowance usually around 200GB.

All this capacity represents a vacuum that will suck in as

much content as the households can handle. Video-on-demand, clearly, will be No 1 on the digital streaming and download shopping list. Netflix wants to be ready for this demand and is now expected to arrive by March. Its arrival will draw more attention to its rivals as Netflix grows the market.

Established content players such as Apple's iTunes and the Siny Africa music streaming service will also benefit, but will have to re-establish their presence as the newcomers get

all the attention.

Google's Play Music, for example, is priced at the same R99 a month as Siny Africa. This service, in turn, had based its pricing on that of the original BlackBerry internet service, which previously identified R99 a month as an optimum level for breaking in to the South African youth market. Fibre-to-the-home subscribers clearly have deeper pockets, but their appetite for digital spend may not be much bigger.

Netflix charges \$10 for a

monthly high-definition service, which would translate to more than R150 in South Africa, unless it takes into account local cost dynamics.

The R99 tag for ShowMax, Vidi and VU appears to be more optimal for video content.

However, the very fact of so much activity long before the arrival of Netflix tells us that the streaming video and music market will continue to reshape itself well beyond the arrival of the global disruptor.

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