

Amazon Prime Video's African Global Strategy



Team Yen:

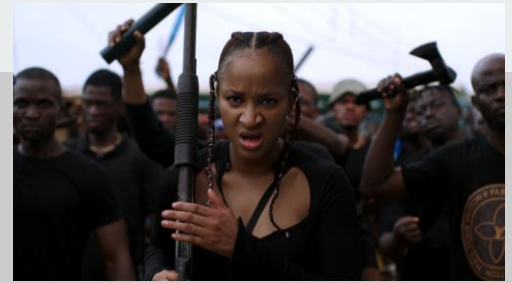
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Overview



- Amazon Prime Video (Prime Video) is a streaming service by Amazon that comes with a person's Amazon Prime delivery subscription.
- Prime Video has grown exponentially through its existence and has many popular shows/movies and originals.
- They have become one of the most popular streaming services but are still not as popular as their biggest rival Netflix. They also have close competition with Disney +, Max, Hulu, Paramount +, etc.
- With this tight competition, Prime Video wants to gain a competitive advantage by expanding to a largely untapped African continent market

Overview Continued



- Prime Video has thought about dedicating country-born teams for both Nigeria and South Africa, the continent's two largest markets
- Additionally, Prime Video has signed deals with acclaimed African creators to create original shows and movies for the platform
- Prime Video is also a step of ahead in this process than any of their competitors including NetFlix, but are deciding whether to go all in with their global strategy.

Is expanding to Africa the right move?

If so, what does Prime Video have to do to succeed in this market over their competitors who are also actively trying to succeed in Global Strategy?

CAGE Analysis

Cultural



Administrative
and Political



Geographic



Economic

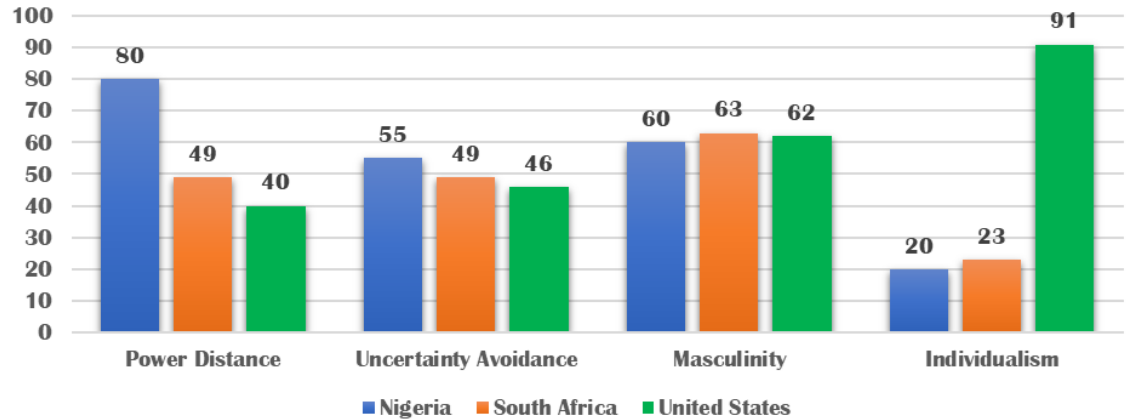


Culture



- High PD equates to more centralization, hierarchical
- High UA means more written rules, less risk taking
- High Masculinity refers to aggressive tendencies
- Low Individualism implies higher collectivism

Hofstede's Cultural Dimensions



Key Takeaways:

- Nigeria is similar to South Africa but vastly different in PD
- Nigeria and South Africa have high collectivism compared to the US
 - Company is seen more as “family”
- This is important to consider when deciding what content the majority of the population would subscribe to
- South Africa has a large youthful population

Administration and Politics

Nigeria



- Federal republic with a presidential system
 - President elected by the people (4 year term, max 2 terms)
 - Bola Tinubu current president (All Progressives Congress)
- Corruption has been a longstanding problem
 - Bribery, favoritism, fraud
- Underemployment and poverty rate: 45%
- Ethnic and Religious Tensions
 - Muslim North, Christian South
 - Boko Haram, roughly translated, “Western Education is forbidden” is a islamist militant group known for large terrorist attacks in the past with the goal to turn Nigeria into an islamic state
- Good relations with USA

South Africa



- Parliamentary representative democratic
 - President elected by National Assembly (5 year term, max 2 terms)
 - Cyril Ramaphosa current president (African National Congress)
- Goals of current administration
 - Fix Corruption, boost economic growth, social reform
- Political unrest and corruption are a concern
- Poverty Rate: 22%
- 3rd highest crime rate in the world
- South Africa is America's largest trading partner in Africa

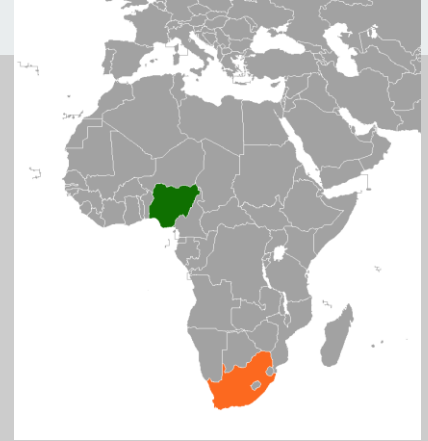
Geography

Nigeria

- 923,770 km², 6,613 mi from the states, Western Africa, Gulf of Guinea
- Abuja: Capital city, Lagos: largest city
- Lagos Port Complex and Tin Can Island Port Complex in Lagos state
- Murtala Muhammed International Airport
- Road: 50,000 km of roads, only 10,000 km paved, poor conditions including railway
 - Need of develop, rehabilitation, Road Infrastructure Tax Credit Scheme
- Power: potential to generate 12,522 MW of electric power, able only up to 4,000 MW
- Telecommunication: expansion due to increase in telecom subscribers during 2019 to 2022, increase in investment and involvement in the international market

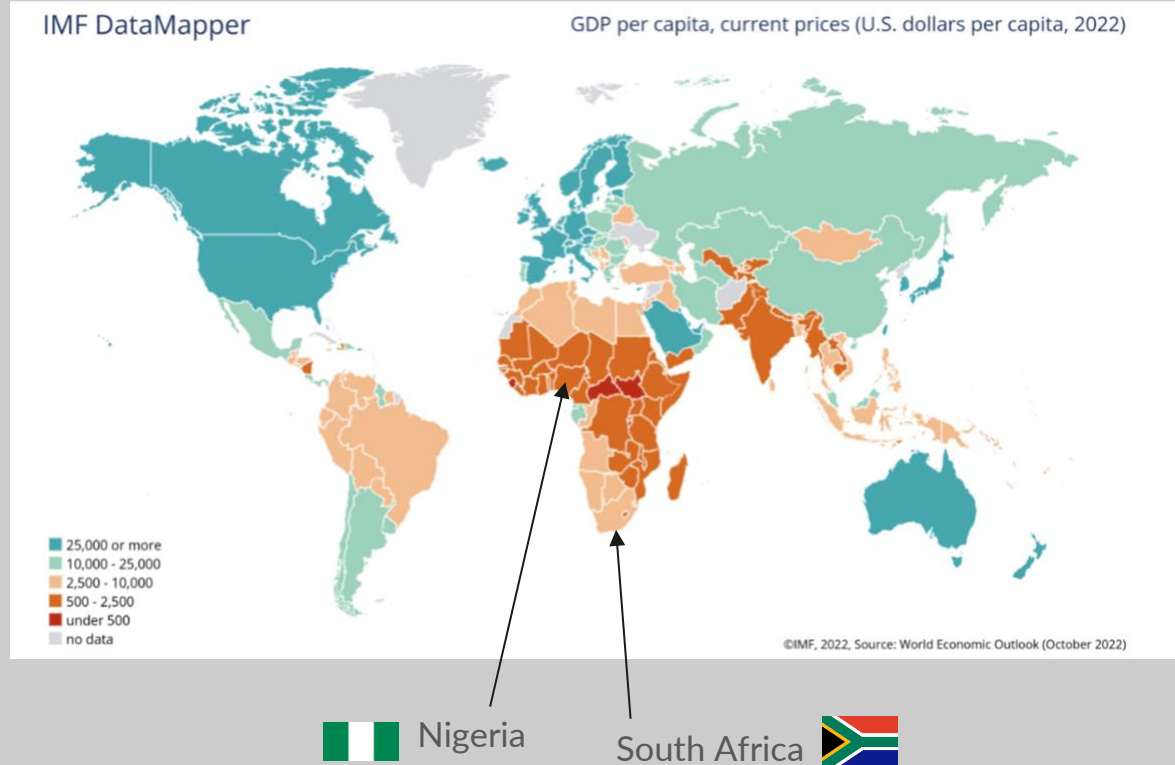
South Africa

- 1,221,000 km², 8,941 mi from the United States
- Port of Durban, 60 percent of South Africa's container traffic
- O.R. Tambo International Airport
- Road: railway system by Transnet public corporation, 300,000 km of roads, $\frac{2}{3}$ are paved
- Power: 58,095 MW from all sources, coal major energy source
- Telecommunication: uneven distribution, highest degree of internet connectivity



Economics

- GDP per capita in Africa (especially Nigeria and South Africa) are generally low
- However, Nigeria is home to the largest film industry in Africa called “Nollywood”
- Nollywood is the 2nd largest film industry globally in terms of movie production. With an average revenue of \$15.3 million, and output of about 2,500 films annually



Recommendation #1: Continue to pursue African Market



Pros	Cons
- Have home grown teams and deals set up with African filmmakers and companies - Africa has a big population which is a lot of untapped potential - Nigeria and South Africa have good political relations with the US - Nigeria's Nollywood film industry is profitable and has big output	- There are some culture barriers between African countries and the US - There is some political corruption within Nigeria and South Africa's governments - Africa as a whole is a bit underdeveloped and far from Prime Videos home country - Africa as a whole does have a low GDP and smaller economy than the US



Recommendation #2: Choose Another Country/Continent For Global Strategy



Pros	Cons
- Could be closer to Home Country - Could have a closer culture to that of the US - Could have higher GDP and better Economy - Would not have to deal with any political tensions or poor infrastructure	- Competitors may have a big presence in this new market already - Would have to create new deals and form new teams to create the shows / films - New Market may not have as much untapped potential as Africa has



Recommendation Conclusion



- It is in best interest for Amazon Prime Video to expand into Africa and gain a competitive advantage by going global
- Although there are some barriers like cultural, some political corruption, and low GDP, these are all slight problems. The pros outweigh the cons for Prime Video.
- Nollywood is a very profitable industry, the United States has good relations with Nigeria and South Africa, and with the home grown African teams/ filmmaking deals made by Prime Video, African culture will be portrayed well in these shows
- Since Prime Video is a step ahead in this market compared to their competitors such as Netflix it is wise to focus on Africa and not try to go somewhere else

Do you think this is the right decision?



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