Global Gateway

Success Stories in the Creative Industries in Africa and other Emerging Markets

October 2024

pwc

RESTLESS GLOBAL

CREA Fund

A FACILITY IMPLEMENTED BY PROPARCO GROUPE AFD

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Disclaimer

The views and analysis expressed in this report are those of the authors and do not reflect the views or positions of the European Union and Proparco. The objective of this report is to improve the knowledge of investors and entrepreneurs on the potential of the African Creative and Cultural Industries by using the companies analysed or cited in this document as illustrations. However, the mention of these companies as examples does not constitute any endorsement by Proparco nor does it represent any indication of future funding by Proparco.

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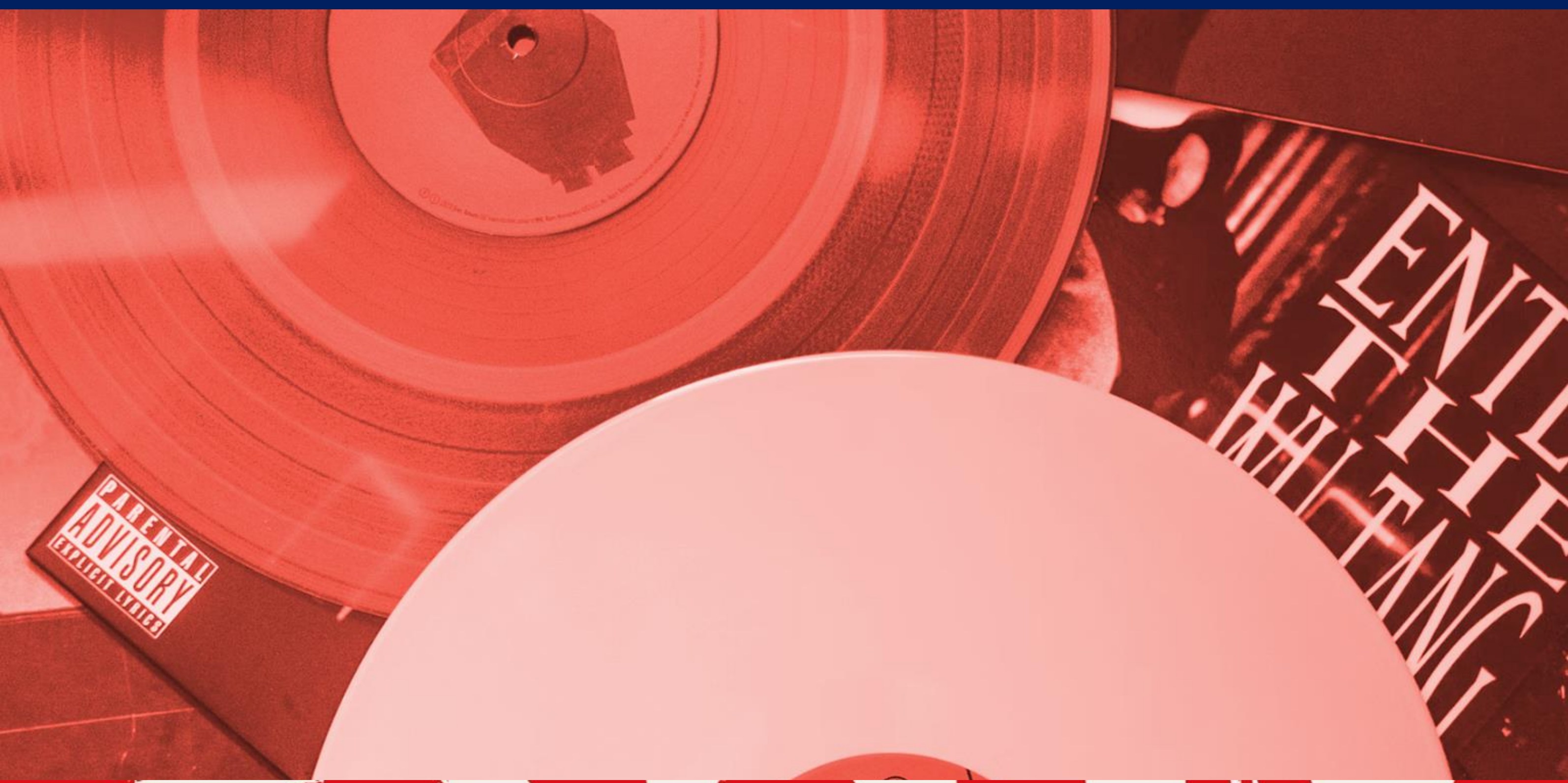
Executive Summary



1. Executive Summary

Globally, the Cultural and Creative Industries (CCI) contribute an estimated **$2.3 trillion per year to the world's GDP, with an impressive annual growth rate of around 5-7%**. This extremely diverse sector has given birth to some of the most successful companies in the world, such as Netflix or LVMH. In Africa, the CCI represent a largely untapped opportunity. In 2024, French development finance institution Proparco launched CREA Fund, a new initiative aimed at encouraging private investment in the CCI in Africa and in the Caribbean. This project is financed by the **European Union under its CreatiFI program. CreatiFI – The Cultural and Creative Industries Financing Initiative - is the first EU action that specifically targets investments in CCI through financial instruments**. It is one of the Flagship projects on Culture under the Global Gateway strategy.

This report, prepared for Proparco by PwC Nigeria and Restless Global with the participation of TFCC, **responds to a request from investors for greater visibility on what success can look like in the CCI in Africa**, and for **practical insights on how to evaluate the potential of prospect CCI companies**. It analyses the journeys of 12 successful CCI companies from six African countries and contrasts them to 10 additional case studies from other emerging markets such as India or Vietnam.

For the purpose of this report, we have used UNESCO's definition of the CCI as **those sectors of the economy that produce and distribute goods and services that are cultural in nature and often protected by intellectual property rights**.

We have considered successful companies that either:

- **raised external capital and provided an exit for their investors, or**
- **became profitable market leaders, with annual revenues exceeding $1 million.**

The African companies studied include:

Africori (South Africa)
Chocolate City Group (Nigeria)
Christie Brown (Ghana)
FilmHouse Group (Nigeria
Kana TV (Ethiopia)
Landmark Africa (Nigeria)
Marodi TV (Senegal)
Mavin Records (Nigeria)
Mdundo (Kenya)
ROK Studios (Nigeria)
Triggerfish Animation (South Africa)
Vivo Fashion Group (Kenya)

While the African companies listed above are among the most well-known success stories in the African CCI, this list is, of course, not exhaustive. There are many other profitable companies operating under the radar. It should also be noted that the African continent counts a **small number of prominent CREATech startups that have demonstrated fast growth and the ability to raise VC funding**. However, as these companies have not yet provided an exit to their investors or established a sustainable and profitable business model, they could not be included in this study.

Case studies from other emerging markets include:

Abraham & Thakore (India)
A Fabrica (Brazil)
Grow Commerce (Indonesia)
Kama Ayurveda (India)
Loto del Sur (Colombia)
Megastar (Vietnam)
Modanisa (Turkey)
OPIO (Egypt)
Pocket Aces (India)
VNG Corporation (Vietnam)

A category of companies that had to be excluded from the main analysis are **successful fashion labels started by African entrepreneurs that do not manufacture on the continent or have Africa as their main target market**. The dichotomy between the success of African fashion brands producing and selling internationally versus those operating solely within Africa highlights several critical factors influencing profitability and market reach.

Ten Key Learnings emerged from the analysis of the trajectory of the successful African CCI companies studies and their comparison with the Other Emerging Markets companies. These Key Learnings form the basis of the **Assessment Framework** included in this report.

1 Founders with Global Exposure

Founders with international experience tend to drive more successful businesses within the African CCI. Their global perspective helps in adopting innovative business models and expanding market reach.

2 Longevity and Sustainability

Successful businesses like Triggerfish Animation, FilmHouse Group, Mavin Records, Chocolate City Group, and Mdundo demonstrate the importance of longevity. Building a business to scale in Africa often requires a decade or more, underscoring the need for patience and sustainable business models.

3 SMEs vs. Startups

The majority of successful companies in the African CCI are traditional SMEs rather than tech-native startups, which are typically the focus of Venture Capital. This highlights the importance of supporting diverse business and financing models beyond the tech-centric approach.

4 Incomplete Digital Transition

The incomplete digital transition of many African CCI represents both a challenge and an opportunity. New technologies, such as AI, are yet to be leveraged fully to significantly enhance production, distribution, and market expansion.

5 Diversification of Revenue Streams

For sustainability, CCI companies must diversify their revenue streams. This strategy mitigates risks associated with economic volatility, political instability, and inconsistent regulatory environments, while opening up new markets.

6 Importance of Foreign Sales

Given the limitations of domestic markets in Africa, such as limited local spending power and macroeconomic issues, African CCI companies often need to expand regionally or globally early in their development to reach a larger customer base.

7 Self-Made Successes

The lack of both public support and access to funding over the past decade means that many African CCI companies are self-made successes. However, the recent launch of various CCI policies and programs foreshadows a very different situation 5 or 10 years from now.

8 IP Challenges

Piracy and ineffective copyright enforcement pose significant challenges, resulting in substantial revenue losses. This makes it difficult for companies to attract investment.

9 Foreign Investment and Local IP Ownership

While foreign investment brings essential capital and expertise, it often results in the loss of local control over valuable intellectual property. This dynamic is evident with investments from global players like Canal+, Universal Music Group (UMG), and Warner Music.

10 Premature Exits Due to Funding Scarcity

The lack of funding often forces African CCI companies into premature exits via acquisitions by foreign entities. This prevents companies from fully realizing their potential and generating maximum value locally.

The **other Emerging Markets case studies** showed that countries like India, Vietnam, Turkey or Indonesia present a **prevalence of digital content and e-commerce business models that can scale rapidly**.

These markets exhibit a higher level of technology adoption, facilitating business growth and innovation, as well as better access to capital, enabling them to scale more effectively. Finally, these markets also tend to benefit from stronger IP Regulation and literacy, providing a more conducive environment for CCI to thrive.

In conclusion, while the CCI in Africa have their specificities, particularly around intellectual property, many of the key learnings from our case studies are broadly applicable to African businesses as a whole. **A keen understanding of business fundamentals remains critical for success in any industry, including the creative sector.**

As mentioned above, the African companies studied are predominantly self-made, with founders navigating harsh and sometimes hostile environments with minimal external support. As support for the African CCI grows, **we anticipate that the next wave of success stories will be even more integrated into the global digital economy, leveraging advanced technologies and tapping into international markets**.

The insights derived from these case studies not only highlight the resilience and potential of African creative businesses but also underscore **the importance of strategic investment and robust support systems, through initiatives such as CREA Fund.**

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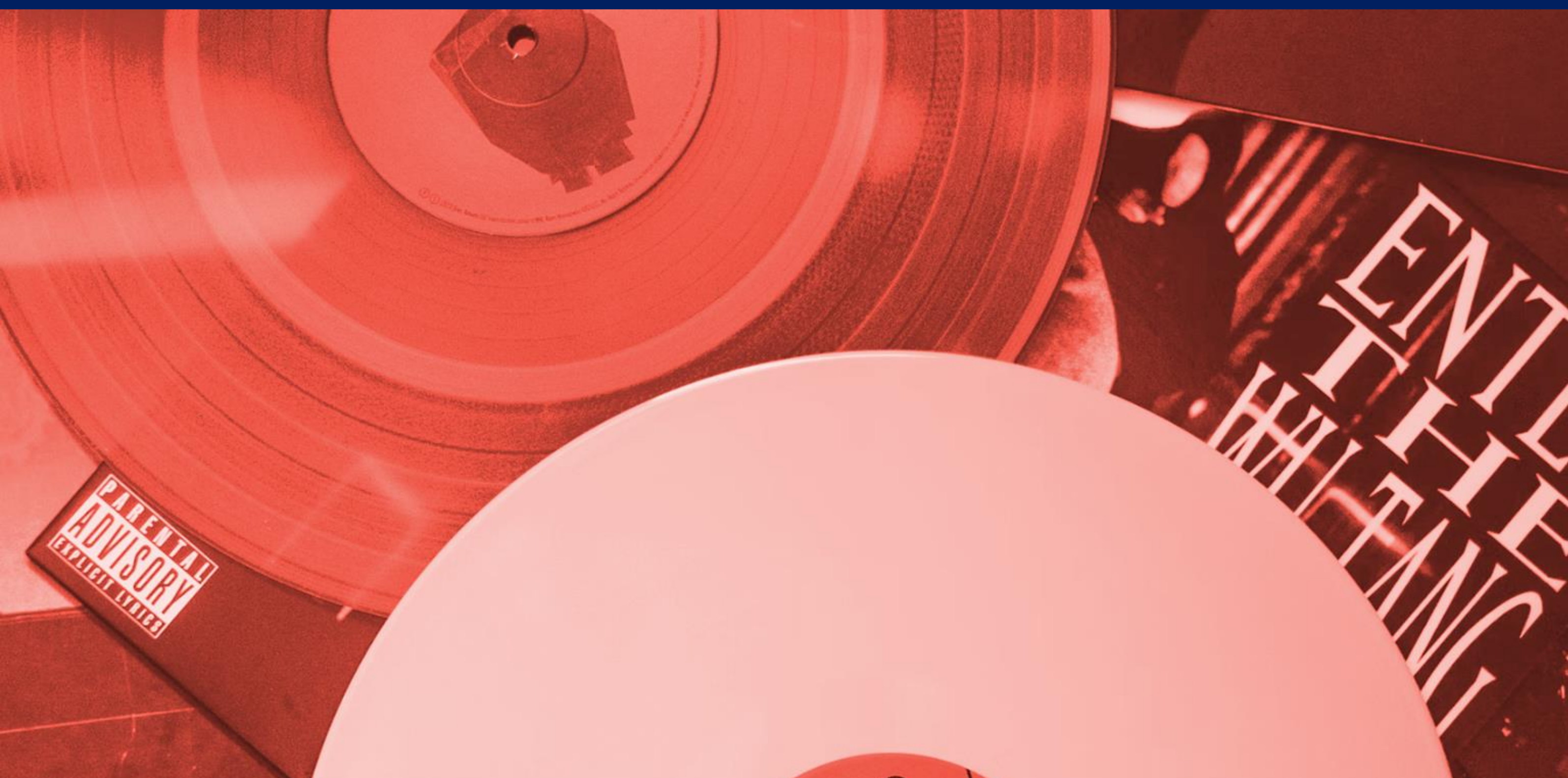
02

Introduction



2. Introduction

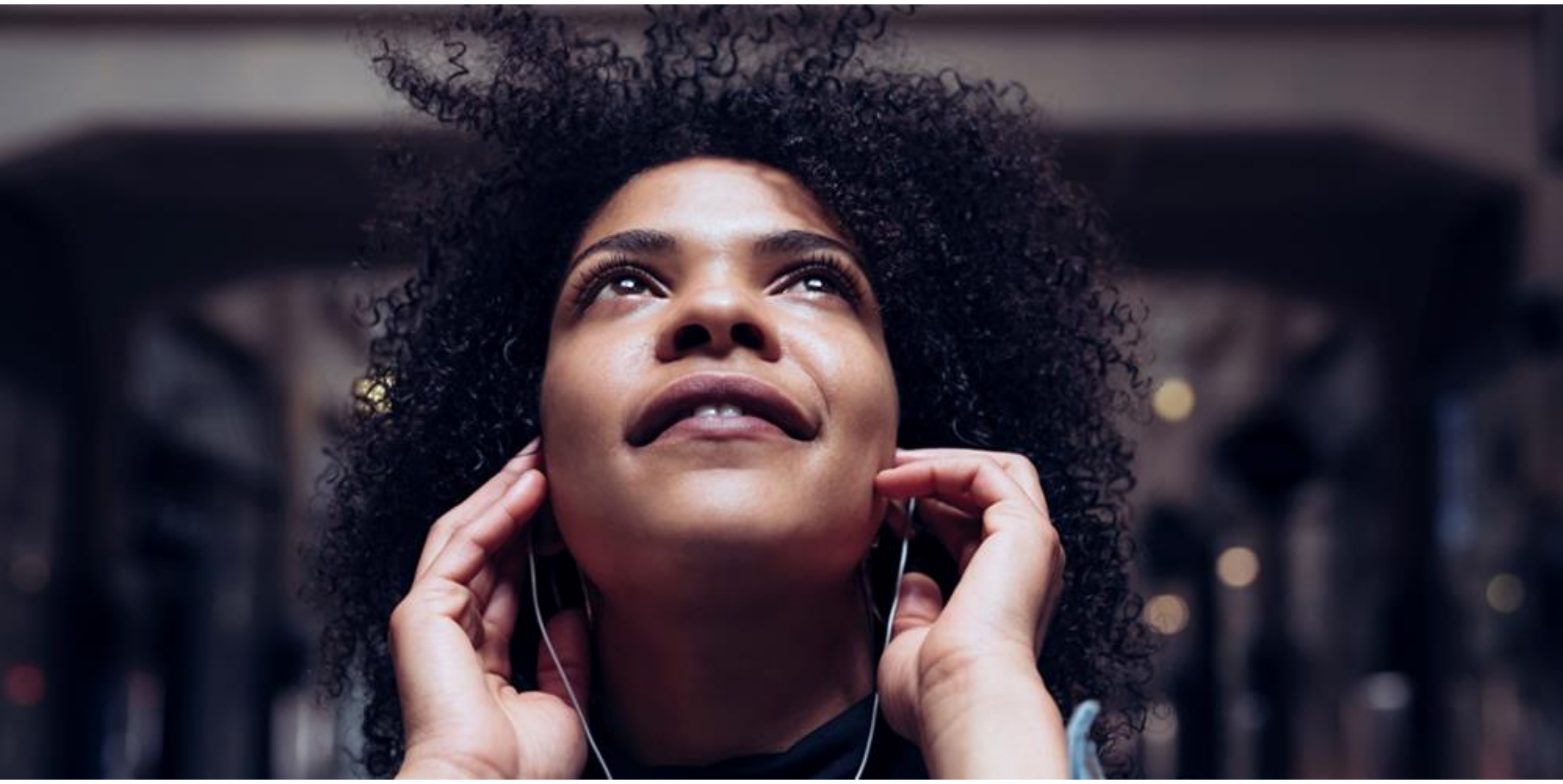
The Cultural and Creative Industries (CCI) have emerged as a potent driver of economic growth and social development, particularly in developing regions such as Africa and the Caribbean.

Proparco, the private sector arm of the AFD Group, in collaboration with the European Commission, has launched CREA Fund, a new initiative to unleash the potential of the creative industries in these regions. **CREA Fund seeks to address the funding gap by providing a Guarantee facility and Technical Assistance (TA) to funds and financial intermediaries clients of Proparco**, to derisk their investments in Creative sector companies. This project is financed by the European Union under its CreatiFI program. CreatiFI – **The Cultural and Creative Industries Financing Initiative - is the first EU action that specifically targets investments in CCI through financial instruments**. It is one of the Flagship projects on Culture under the Global Gateway strategy. PwC Nigeria and Restless Global have been commissioned to design, deploy, and manage CREA Fund's TA component.

A comprehensive Needs Assessment conducted in 2023 revealed that **industry financiers often lack sufficient knowledge about successful investment stories in the African CCI, which hinders their ability to identify and evaluate new opportunities.**

This study aims to bridge that knowledge gap by providing detailed case studies of successful companies within the creative sectors in Africa and other emerging markets.

By examining the growth journeys of exemplary companies, **this study will unearth key learnings and propose a robust framework to assist investors and entrepreneurs in navigating the promising yet complex landscape of the CCI.**



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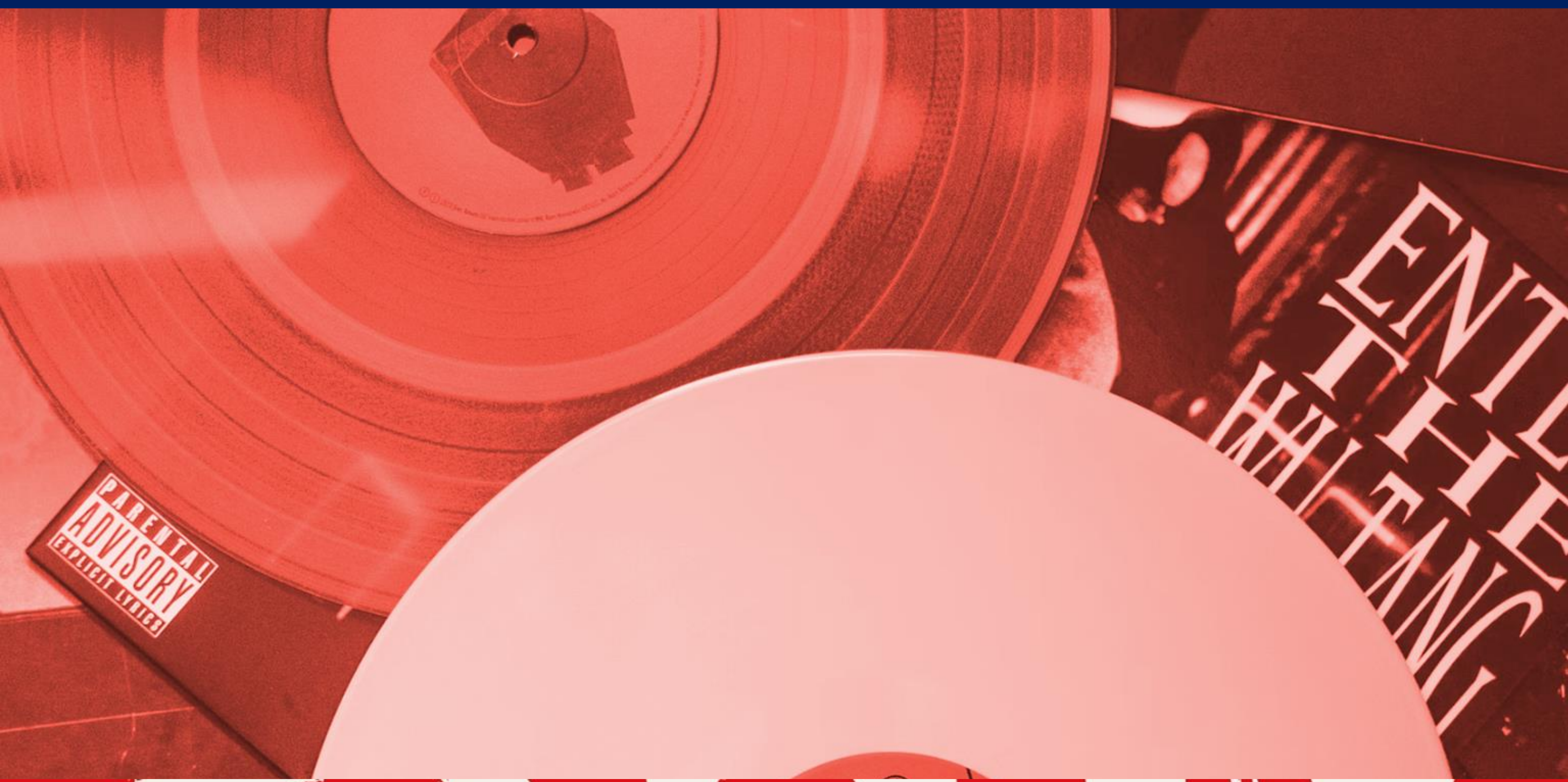
Methodology



3. Methodology

To define success within the context of CCIs operating in emerging markets, one needs to acknowledge the nascent nature of the sector and its surrounding business environment. Consequently, for the purpose of this study, a company was deemed successful if it either:

- **raised external capital and provided an exit** for its investors (through an IPO, acquisition, management buyout, or any other means); or
- **became a profitable market leader**, with annual revenues **exceeding $1 million**.

This definition allowed us to capture a broad spectrum of successful outcomes. Based on previous research and expert insights, the decision was made to focus on companies **in sub-sectors that have already shown to be more investable**, such as:

- Media and entertainment (including production companies, music labels, film studios, animation, gaming or VFX companies)
- Fashion, Textile and Beauty
- CREA Tech (including Streaming or E-commerce platforms)

Twelve African companies and ten companies in other Emerging markets were selected. These companies were chosen based on **their adequacy with the above criteria, the availability of the founders to be interviewed and/or of public business data, and the possibility of benchmarking them against each other** (Africa vs Other Emerging Markets).

Although this selection is by no means exhaustive and necessarily subjective to some extent (if only because of the access to information), the goal was to make it **as representative as possible, both in terms of the sub-sectors identified above, and geographically.** The predominance of English-speaking countries in our selection reflects the larger size and stronger dynamism of these markets, as it is generally observed in most other sectors of the economy besides the CCI. Each company's business model and path to success was then studied individually in detail. African case studies relied in priority on interviews with founders, backed up by desk research, while case studies from other Emerging Markets were developed mostly through desk research with some follow-up correspondence (where founders were willing to participate).

Key factors examined included: **the business and legal environment, team composition, target market demographics, product development, business and revenue models, marketing and distribution strategies, type of funding raised, and key performance indicators (KPIs)**.

Finally, the key learnings emerging from these individual case studies were synthesized, as well as differences in operating environments that needed to be taken into account. The outcome is an assessment framework designed to guide both entrepreneurs and investors in identifying and capitalizing on opportunities within the African CCIs.

For entrepreneurs, **the framework will serve as a tool to assess and enhance their business strategies, while for investors, it will provide insights to facilitate their financing of the sector.**

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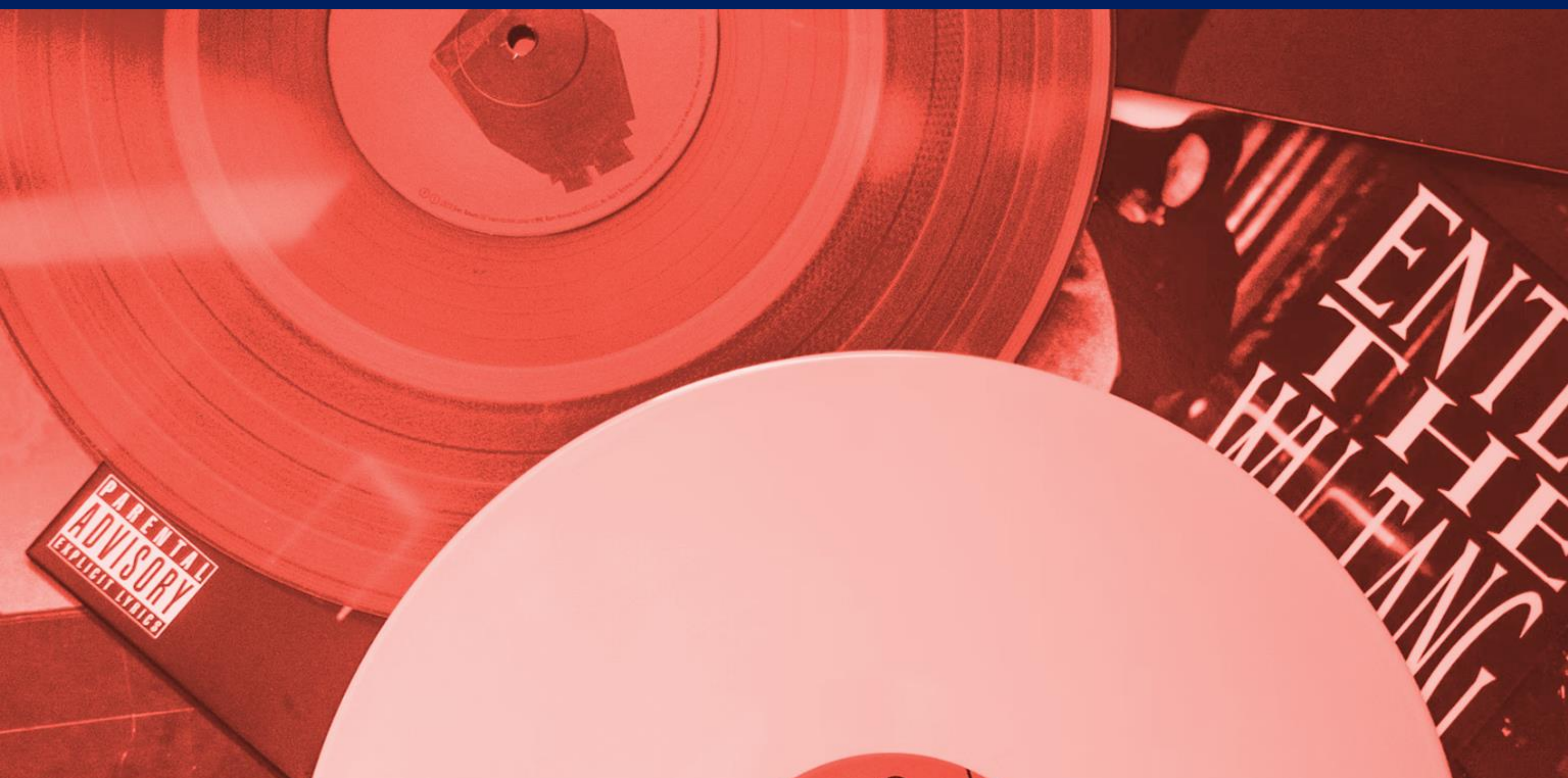
Global Success Stories in the Creative Industries



4. Global success stories in the creative industries

Although there is no universal definition of the CCI, the most commonly accepted one comes from the United Nations Educational, Scientific, and Cultural Organization (UNESCO), which describes the CCIs as **those sectors of the economy that produce and distribute goods and services that are cultural in nature and often protected by intellectual property rights.**

These industries encompass a wide range of activities, including but not limited to: film, television, radio, animation, video games, other interactive media, publishing, music, performing arts, fashion, graphic design, visual arts, heritage, architecture, gastronomy and crafts.

In recent years, the CCI have experienced remarkable growth, becoming a pivotal sector in the global economy. Market sizing estimates suggest that t**he global CCIs now contribute approximately $2.3 trillion annually, with an impressive annual growth rate of around 5% to 7%.**

This expansion has been significantly fuelled by advancements in **technology, the internet, and social media, which have collectively democratized access to creative content** and enabled creators to reach global audiences with unprecedented ease.

Platforms like Netflix, Spotify, Amazon, YouTube, Instagram, and TikTok have not only transformed content distribution but also created new revenue streams and business models, propelling the industry forward and fostering a dynamic ecosystem.

Due to the multitude of sub-sectors comprising the CCI, success can take many different forms.

Below are just a few examples of the diversity of successful business models that have given birth to global creative champions.

NETFLIX

Netflix started as a DVD rental service in 1997, evolving into a streaming giant that revolutionized content consumption globally. Its subscription-based business model offers tiered pricing for various streaming quality options, catering to a broad audience from casual viewers to cinephiles. Netflix's revenue primarily comes from monthly subscriptions, with over 200 million subscribers worldwide as of 2023. The company's growth strategy includes significant investment in original content, such as "Stranger Things" and "The Crown," to attract and retain subscribers, alongside strategic global expansion into markets like India, Latin America, and more recently Africa. Netflix leverages data analytics to personalize user experiences and optimize content offerings, maintaining a competitive edge in a saturated market.

Spotify, launched in 2008, disrupted the music industry with its freemium business model, offering both free ad-supported and premium subscription tiers. Targeting music enthusiasts globally, Spotify's user base exceeds 500 million, with significant growth in emerging markets, including Africa. Revenue streams are split between advertisements and premium subscriptions, with a focus on converting free users to paid subscribers. Spotify's growth strategies include exclusive podcast deals and expanding its audio content library to include audiobooks and live audio. The platform's sophisticated algorithm enhances user engagement by providing personalized playlists and recommendations, thus driving user retention and attracting new listeners.

LVMH (Moët Hennessy Louis Vuitton) epitomizes luxury in the creative industries, encompassing fashion, jewellery, cosmetics, and wine and spirits. Founded in 1987, LVMH operates on a multi-brand business model, managing an extensive portfolio of over 70 prestigious brands, including Louis Vuitton, Dior, and Moët & Chandon. Its target market is affluent consumers seeking high-quality, exclusive products. Revenue streams are diverse, spanning from retail sales to licensing and royalties. LVMH's growth strategy includes strategic acquisitions, such as Tiffany & Co., to expand its brand portfolio and market reach. The company places a strong emphasis on heritage and craftsmanship while embracing digital transformation to enhance customer experiences and drive e-commerce sales.

Moonbug Entertainment, founded in 2018, quickly became a prominent player in the digital children's entertainment sector. Its business model revolves around acquiring and developing popular children's content, such as "CoComelon" and "Blippi," distributed across multiple platforms including YouTube, Netflix, and Amazon Prime. Moonbug targets a global audience of young children and their parents, leveraging the growing trend of digital content consumption among kids. Revenue streams include advertising, licensing, and merchandise sales. The company's growth strategy focuses on content acquisition, brand expansion, and leveraging data analytics to optimize content distribution and engagement. Moonbug's rapid scaling and strategic partnerships have positioned it as a leader in the children's media space, continually expanding its content library and market presence.

Etsy, an e-commerce platform specializing in handmade, vintage, and unique factory-manufactured items, has carved a niche by fostering a community-driven marketplace. Launched in 2005, Etsy's business model centers on connecting individual creators and small businesses with a global audience, charging listing fees and transaction commissions. Targeting a diverse demographic of artisanal enthusiasts and eco-conscious consumers, Etsy has leveraged its brand's authenticity and the growing demand for personalized goods. The company’s revenue streams are diversified, including marketplace fees, subscription services (Etsy Plus), and advertising options for sellers. Growth strategies have involved investing in mobile app development, enhancing seller tools, and acquiring complementary businesses like Reverb, a musical instrument marketplace. Etsy's focus on sustainability and social responsibility also resonates well with its target market, fortifying customer loyalty and expanding its user base.

Zynga, a pioneer in social gaming, has built a robust business model around free-to-play games that generate revenue through in-app purchases and advertising. Founded in 2007, Zynga initially gained massive traction with games like FarmVille on Facebook, capitalizing on the social network's viral sharing features. The company targets casual gamers across various demographics, offering engaging, easy-to-play games on multiple platforms, including mobile and web. Zynga’s revenue streams are primarily from the sale of virtual goods and in-game currency, supplemented by advertising partnerships. To sustain growth, Zynga has pursued a strategy of acquiring smaller game studios, such as Small Giant Games and Gram Games, to diversify its portfolio and incorporate innovative game mechanics. Additionally, Zynga invests heavily in data analytics to optimize user engagement and monetization. This approach has enabled Zynga to remain competitive in the dynamic gaming industry.

Patreon, founded in 2013, revolutionized the way creators monetize content by offering a subscription-based platform that connects them directly with their fans. The company's business model allows creators to offer exclusive content, merchandise, and experiences in exchange for monthly financial support from patrons. Targeting a wide range of creatives, from podcasters and musicians to visual artists and writers, Patreon provides a suite of tools to manage memberships, engage with supporters, and grow their audience. Revenue is generated through a commission on the income creators earn, typically around 5-12%, depending on the plan. Growth strategies have included expanding international payment options, enhancing analytics and marketing tools for creators, and forming strategic partnerships to increase platform visibility. Patreon's success lies in its ability to create a sustainable income model for creators, fostering a loyal and engaged community.

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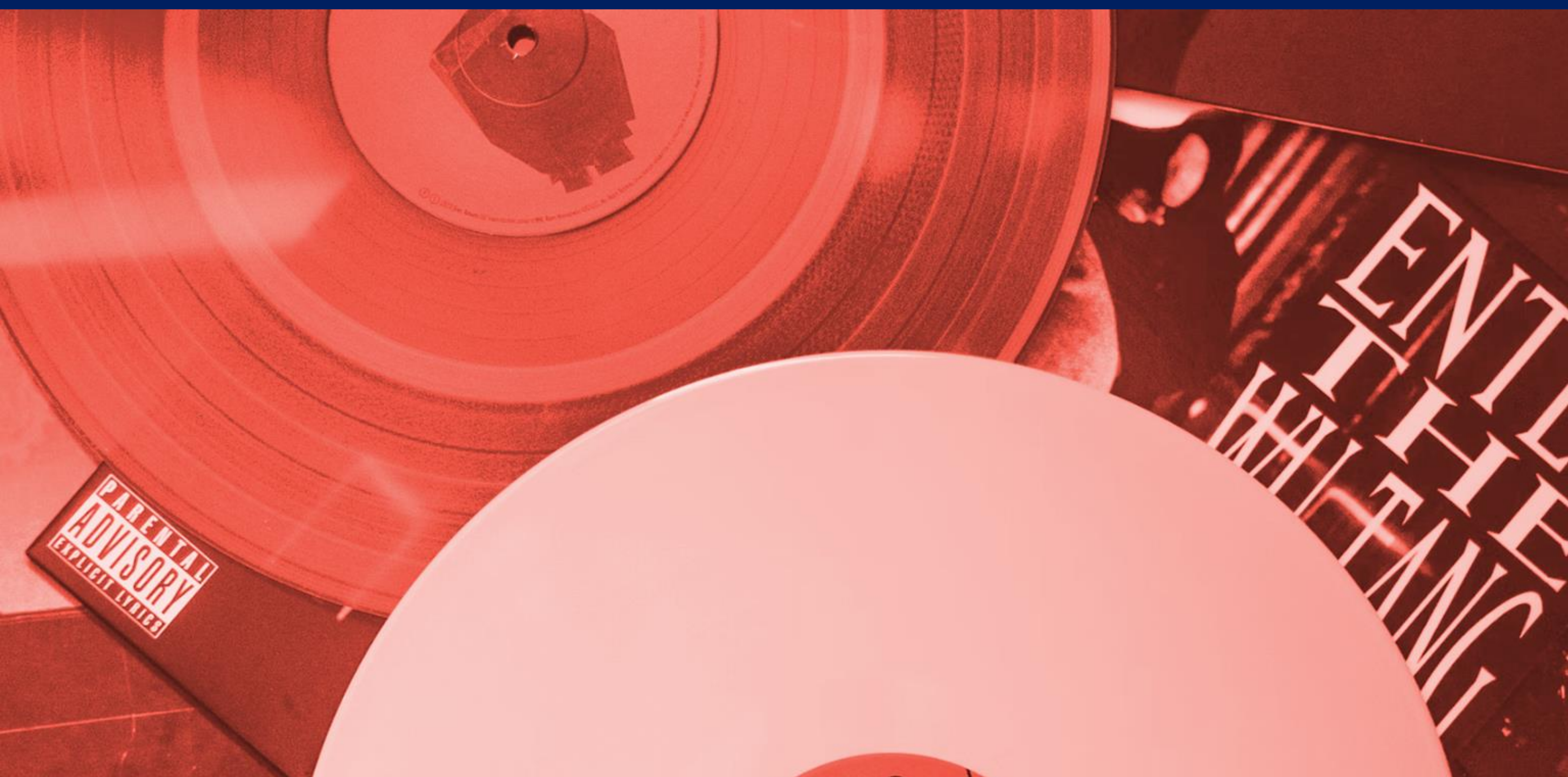
Africa Success Stories



5. Africa Success Stories

The African CCI companies analysed span 6 countries and sub-sectors such as Film or Content Production, Music, Fashion, and Entertainment Infrastructure.

S/N	Company	Sub-sector	Country of origin	Selection rationale	Funds raised	Annual revenue	No. of employees
1	**Africori**	Music distribution	South Africa	Acquisition	N/A	$1-5M	12+
2	**Chocolate City Group**	Music & entertainment	Nigeria	Profitable / leader	Mostly self-funded	$1-5M	70+
3	**Christie Brown**	Fashion label	Ghana	Profitable / leader	$20k	On track to reach $1M in 2024	90+
4	**FilmHouse Group**	Film exhibition distribution, prod	Nigeria	Profitable / leader	>$20M	$5-10M	300+
5	**Kana TV**	Broadcast	Ethiopia	Acquisition	$30M	N/A	150+
6	**Landmark Africa**	Entertainment infrastructure	Nigeria	Profitable / leader	$20M	N/A	500+
7	**Marodi TV**	Content production	Senegal	Acquisition (WIP)	Mostly self-funded	N/A	150+
8	**Mavin Records**	Music label	Nigeria	Acquisition	>$10M	N/A	70+
9	**Mdundo**	Music streaming	Kenya	IPO	$7.9M	$1.7M+	60+
10	**ROK Studios**	Content production	Nigeria	Acquisition	$40M for parent company Iroko	N/A	100+
11	**Triggerfish Studios**	Animation production	South Africa	Profitable / leader	Mostly self-funded	> $80M in total production value	40 (excl. project staff)
12	**Vivo Fashion Group**	Fashion	Kenya	Profitable / leader	$1M	On track to reach $9M in 2024	450+

5.1. Africori

1. Introduction

Africori, founded in 2009 by experienced music executive Yoel Kenan, has established itself as a **prominent digital music distribution company** in Sub-Saharan Africa, bridging the gap between African artists and global audiences. With offices in Johannesburg, London, and Lagos, Africori serves as a key player at the intersection of Africa and the global music industry. Working with over 6,500 artists and 700 labels, Africori provides a wide array of services, including distribution, marketing, licensing, analytics, artist development, and more. In 2022, Warner Music Group acquired a majority stake in Africori, underscoring the company's significance in the music ecosystem.

2. Company History and Evolution

Early days

Before starting Africori, founder and **CEO Yoel Kenan** already had a 20-year experience in the global music industry. Kenan worked as Head of International for Universal Music, CEO of MP3.com and SVP International Marketing & Business Development at Sony BMG and was involved in the careers of Enrique Iglesias, Avril Lavigne, Blink 182 and Mary J Blige.

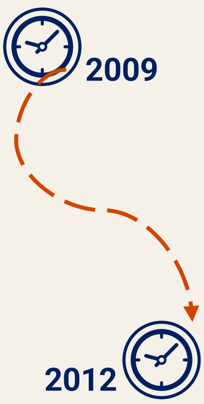
In 2005, Kenan started to focus on the African music business, managing artists, launching labels and developing music strategy for international brands and ad agencies. **Africori's journey began in 2009** with a focus on providing synchronization licenses for African music to advertising agencies and production companies. Kenan envisioned a response to the lack of opportunities for African artists in the digital realm, **leveraging Africa's predicted population growth, digital music consumption trends, and mobile phone usage statistics**.

> *"In Africa, 70% of the music consumed is local music. (...) We see a population where there's going to be more and more people wanting to consume music, and they all want to consume local music. It's a no brainer. This is the place."*
>
> \- Yoel Kenan

Positioning in the local and global music industry

The music landscape dramatically evolved in the 15 years since Africori was launched, both in South Africa and globally. In 2009, Apple's iTunes was only 8 years old, and Spotify was just a small startup only available in its home country of Sweden. Most people in South Africa were accessing music through radio, television, CDs and pirated digital files. **Today, Africori operates in a highly competitive landscape characterized by both local** (such as Content Connect Africa (CCA) or Sheer Music Publishing), **and international players** (Sony Music, Universal Music, Believe), with a strong usage of music streaming platforms. In recent years, the global music industry has also witnessed **a notable uptake of African musical talent**, reflected in events such as the introduction of the Best African Music Performance award category at the 2024 Grammys and the steady growth of paid streaming revenues in sub-Saharan Africa. Technological advancements, increased access to music through digital platforms, and support from major record labels have all contributed to the rise of African music on the global stage, **validating Africori's initial assumptions**.

Pivot from licensing to a full-service suite



Africori pivoted from music licensing towards offering a broader range of digital music solutions in 2012, expanding its services to include distribution (including on digital platforms such as Spotify, Apple Music and later Boomplay), marketing, video monetization, analytics, promotions, licensing, artist development, and hands-on support for independent artists across Africa. Africori does not own the IP, but simply represents the artist. Among its services, Africori spends a lot of time taking down pirated and non-authorized music, leveraging existing software that flags instances of mis-usage of its client's IP. **Africori's focus on empowering and developing artists built strong loyalty and long-term relationships**, fostering a supportive ecosystem that benefits both the company and its artists.

Revenue model

Africori generates revenue primarily by charging **a percentage of its contracted artists' earnings**, aligning its success with the success of the musicians it represents. Since 2019, Africori's turnover has grown by 5x. By reinvesting revenues in technology (analytics platform, digitisation, content delivery), services, and talent development (financial support for music and video recording, marketing and promotion, sometimes international expansion), **Africori achieved profitability by the end of 2020**. The global acclaim of Master KG's "Jerusalema" (2020), distributed and promoted by Africori and Warner Music Group (WMG), further solidified the company's position as a leading player in the digital music space. From there, revenue continued to rise, with profits experiencing significant growth by 2023. Africori's market share in South Africa reached 36% in the first quarter of 2024, with notable successes like Tito M's "Tshwala Bam" further demonstrating the company's impact on the local music scene. However, **65% of its revenue still comes from international sales.**

> "
> *African music is booming all around the world and some of our artists are right at the heart of the explosion."*
>
> \- Yoel Kenan

Financing and acquisition by Warner Music Group

Early on, the company received initial seed funding from a private investor. In 2019 and in need of financing to fuel its growth in an increasingly competitive landscape, Africori struggled to secure a bank loan. In 2020, **Warner Music Group (WMG), recognizing the potential of the company, offered a 3-year convertible loan for a minority stake in Africori**.

The deal gave WMG access to what it called “Africa’s largest catalogue and A&R network”, as well as enabling WMG to establish a presence in many African markets for the first time. In addition, WMG’s publishing division, Warner Chappell Music, also inked a global deal with Africori. This financing played a key role in taking Africori over the hump and onto a fast growth trajectory. **Warner Music Group's decision to trigger the convertible loan ahead of schedule and acquire a majority stake in 2022 underscored Africori's growth and potential in the digital music market**.

> “*Since partnering with Africori, we have established a collaborative and strategic partnership that has resulted in some impressive results on a global level. Yoel Kenan and his team have done an incredible job building a company that is a real force of nature in Africa.”*
>
> \- Alfonso Perez-Soto, President, Emerging Markets, Warner Recorded Music

3. Key challenges

Intense Competition

- **The influx of international music distribution companies and streaming platforms** into the African market creates a highly competitive environment, forcing Africori to continuously innovate and provide superior value to maintain its market share and differentiate itself from global competitors.
- Africori strives to constantly better understand and anticipate the artists’ needs, which can translate in the development of short form videos, new types of contracts, or new approaches to the business.

Underdeveloped infrastructure and music remuneration systems in Africa

- **Infrastructure limitations** (including reliable internet access and digital payment systems) and **inconsistent and often insufficient remuneration mechanisms** for artists in Africa is a challenge to Africori’s revenue growth on the continent, keeping the company dependent on foreign sales.

Market education and awareness

- **The lack of specialized accountants and lawyers**, and the **limited awareness and understanding** of digital music distribution among local artists and labels is a challenge that Africori tackles through on-the-job training for its managers, and outreach to onboard new artists and partners effectively.
- Africori also trains 4-5 interns every year, and is considering setting up a full-fledged in-house training program, backed by Warner Music.

4. Key drivers of success

Comprehensive Service Offering

Africori's wide array of services, including distribution, marketing, licensing, and artist development, offers a one-stop solution for artists and labels. This holistic approach strengthens artist loyalty and attracts a broader client base, driving sustainable revenue growth.

Strategic Partnerships and Investments

Collaborations with major industry players like Warner Music Group provide Africori with significant financial resources and industry expertise. These partnerships enhance Africori's credibility, expand its market reach, and provide strategic support for growth initiatives.

Successful Artist Portfolio and Brand Recognition

The global success of artists like Master KG and songs like "Jerusalema" highlights Africori's ability to elevate African music on the world stage. High-profile successes boost the company's visibility and reputation, making it an attractive partner for other emerging artists and labels.

Technological Innovation

Continuous investment in technology, such as analytics and video monetization tools, enhances the efficiency and effectiveness of Africori's services. Technological advancements enable better tracking, reporting, and monetization of music, thereby maximizing revenue for both Africori and its artists.

Focus on Artist Empowerment

Africori's commitment to artist development and empowerment fosters strong, long-term relationships with its artists. Empowered and satisfied artists are more likely to remain loyal and promote Africori's services within the industry, contributing to organic growth.

5. Conclusion

Africori's journey **from a synchronization licensing platform to a comprehensive digital music distribution company** reflects its strategic adaptability and commitment to innovation.

By addressing challenges such as underdeveloped remuneration systems and infrastructure limitations, while leveraging key drivers like strategic partnerships, technological innovation, and a comprehensive service offering, Africori has positioned itself as a pivotal player in the African music industry.

Its continued focus on artist empowerment and development, supported by strong brand recognition and successful artist portfolios, positions Africori to shape the future of African music and inspire a new generation of artists and music entrepreneurs on a global scale.

5.2. Chocolate City Group

1. Introduction

Two decades ago, Audu Maikori, Paul Okeugo, and Yahaya Maikori founded Chocolate City Group, a **360 Media and Entertainment company** that has become one of Africa's most successful indigenous creative industry enterprises. The founders, driven by a shared passion for the arts, leveraged their diverse experience to establish a company that has nurtured local talent and forged strategic international partnerships.

The company's flagship outfit is **Chocolate City Music**, a label that houses prominent artists like Femi Kuti, Blaqbonez, and Young Jonn. It has also been the launchpad for the careers of artists such as Ckay, M.I Abaga, Dice Ailes, Victoria Kimani, and Ice Prince, among others. **In addition to traditional record label services, Chocolate City offers music licensing and brand partnerships**, creating strategic branded solutions that enhance their clients' visibility and revenue streams.

2. Company History and Evolution

Early days

Founded in the backdrop of Nigeria's post-military rule era, Chocolate City took the unconventional path of focusing on talent from outside Lagos, the commercial hub of Nigeria. The founders, Audu Maikori, Paul Okeugo, and Yahaya Maikori, who all have deep roots in Northern Nigeria, initiated the **Guild of Artists and Poets (GAP) in Abuja** while still at university, providing **a platform for artistic expression and youth engagement through arts, music, and poetry**.

GAP's success and Maikori's legal expertise in entertainment law **revealed a market need for fair artist representation**, leading to the establishment of Chocolate City. Initially starting as a talent management firm managing artists like 6footplus and King Faj amongst others, the signing of Jeremiah Gyang in 2005, whose smash gospel hit “Nabaka” propelled the popularity of the brand, helped secure the label’s credentials as **a full-fledged 360 record label focused on the vibrant Gospel and Afro hip-hop scene** around Jos and Kaduna at the time.

Strategic Moves

Chocolate City's early survival was made possible through the financial support of the Maikoris' law firm and income from regular jobs the founders had to take for several years to maintain the fledgling organization. One such job was Paul Okeugo's marketing role at British American Tobacco, which led to the Company's first ever event at the University of Maiduguri in 2004. The subsequent signing of M.I. in 2006 marked the beginning of a roster that would eventually dominate the Nigerian music scene. M.I Abaga’s debut album "Talk About It" in 2008 became a landmark in Nigerian music, setting new standards for production quality and lyrical content. **With this first hit, Chocolate City showed its ability to identify and nurture raw talent, coupled with a strong understanding of the local market.**

Diversification

By 2011, with a more robust organizational structure, **Chocolate City evolved into a group with subsidiaries focusing on various aspects of the music industry**, including distribution, licensing, and publishing. In the same year, the company received validation for its unique 360 Entertainment structure by winning the runner-up prize of $50,000 at the 2011 Africa Entrepreneurship Award - the first entertainment company to win a prize since the award's inception in 2007. The label's artists, like M.I., Jesse Jagz, Ice Prince, and Brymo, garnered critical acclaim, winning MTV awards and earning BET nominations.

2008

2014

Chocolate City's strategy of vertical integration allowed it to generate revenue beyond traditional music sales, ensuring sustainability amid industry challenges such as piracy. From 2008 to 2014, Chocolate City expanded its roster to include artists from various genres, such as Ice Prince, whose hit single "Oleku" became one of the most remixed songs in the country. During this period, the label also ventured into other areas of entertainment, including **event management, social media marketing, and media production.** The most significant of these is the company's **creative media and activations agency**, driven by co-Founder Paul Okeugo, which began to secure major clients within the market, driving up revenue and increasing the company's stability.

> *Had we been doing only music we would have been dead at that time. We evolved to offer different third-party services, and that was bringing a substantial amount of money for us and supported our music label activities."*
>
> \- Audu Maikori

Positioning in the Global Music Industry

In the Nigerian music industry, **Chocolate City competes with established labels from the United States (Sony Music, Universal Music Group) and Europe (Believe), as well as other successful homegrown companies such as Mavin Records.** The label's success in navigating this competitive landscape is attributed to its innovative approach to music production and its ability to leverage Nigeria's rich musical heritage, which goes beyond the popular and ubiquitous Afrobeats. The label's **commitment to quality and authenticity** has helped it stand out in a crowded market, earning recognition and respect from industry peers.

Strengthening of Corporate Governance

The appointment of **prominent Nigerian businessman Hakeem Belo-Osagie as Chairman** (who came in as an angel investor and first external capital in the company) in 2012 further bolstered the company's credibility and strategic direction, leveraging Belo-Osagie's international experience to navigate the complex entertainment landscape. In 2015, the company acquired Loopy Music, founded by M.I Abaga, further expanding its influence and reach in the industry. **M.I. took over as CEO of Chocolate City Music, leaving co-founders Audu and Paul to continue to drive the corporate vision as Group CEO and COO respectively.** This move allowed Chocolate City to strengthen its corporate governance and to develop partnerships with various international and regional entities, including affiliates in South Africa, the UK, and the US, as well as the Nigerian Ministry of Culture and Tourism and the British Council.

> *Chocolate City survived and even thrived in an era where most of its competitors had folded up or exited the music business because of the company's focus on strategic partnerships and its diversification of its services - mainly because the vision of Chocolate City was not to establish just a mere record label but to build a 360 media group with a keen focus on local to get global. Our strength has always been our people, our partners and our passion."*
>
> \- Audu Maikori

Partnership with Warner Music Group

In 2019, Chocolate City inked a landmark partnership with Warner Music Group. Under this partnership, Chocolate City artists benefit from Warner Music Group's distribution and artist services via its independent label services division, ADA. The deal enhances Chocolate City's ability to compete on an international level, offering its artists a platform to reach a wider audience and achieve global success.

As of the latest update, Chocolate City boasts a roster of six artists: Blaqbonez, Young Jonn, CandyBleakz, Major AJ, Tar1q, and Noon Dave. The label has also been instrumental in the rise of new stars such as Ckay, whose hit single "Love Nwantiti" (2019) achieved international acclaim and commercial success on global streaming platforms like Spotify and TikTok, hitting over 3 billion streams and made it the first Afrobeat song to go 8 times platinum in the USA, according to the Recording Industry Association of America (RIAA).

Financing

With its music distribution arm contributing 70% of its earnings (the rest coming from its agency and music publishing activities), Chocolate City Group has recorded **seven-figure annual revenues from 2015 to 2023**. The company has **maintained financial independence since its inception**, relying on founder investments and board members' contributions. This self-sustained model has allowed the company to retain control over its strategic direction and operations.

Future Perspectives

Looking ahead, Chocolate City aims to continue its growth by exploring new revenue streams and expanding its digital footprint. The label is focused on **developing its intellectual property**, including music publishing and licensing, to maximize its financial potential. Furthermore, **Chocolate City plans to invest in talent incubation programs** to discover and nurture the next generation of African music stars.

3. Key challenges

Identifying the right revenue model

- Chocolate City has experimented with various revenue streams, including record sales, digital streaming, live performances, and merchandising. The evolving music consumption landscape, particularly the shift from physical sales to digital streams, **requires the label to continuously innovate its revenue model to ensure financial stability and growth**.
- Balancing immediate revenue from commercial ventures with long-term investments in artist development remains a critical challenge.

Competition from global labels and talent retention

- The Nigerian music industry is highly competitive, with numerous labels vying for top talent. **Retaining artists**, especially after they achieve significant success, **poses a significant challenge**.
- Continued **investment in talent development** is crucial.

Piracy and Intellectual Property (IP) protection

- Piracy remains a pervasive issue in Nigeria, affecting revenue from music sales and streams. Protecting intellectual property rights and ensuring fair compensation for artists and the label is crucial.
- This requires **robust legal frameworks and partnerships with digital platforms** to safeguard against unauthorized distribution.

Finances and operations

- Like many entertainment companies, **Chocolate City has faced financial and operational challenges**. The Nigerian music industry is notorious for issues such as piracy and a lack of robust distribution channels.
- To address these challenges, Chocolate City has invested in digital distribution and streaming platforms, ensuring that its music reaches audiences both locally and internationally. Additionally, the label has focused on **building a strong brand and cultivating a loyal fan base**, which has helped drive revenue through concerts, merchandise, and endorsements.

4. Key drivers of success

Community and Talent Development

Chocolate City's decision to focus on talent outside of Lagos was a key differentiator. By tapping into the rich but often overlooked talent pools in Northern Nigeria and other regions, they differentiated themselves in a crowded market primarily centred in Lagos. This approach not only expanded the geographical reach of their influence but also diversified the sounds and styles coming out of Chocolate City, contributing to the label's unique identity.

Built-in Structure and Corporate Governance

Robust organizational frameworks and governance structures have ensured operational efficiency and accountability. The involvement of Hakeem Belo-Osagie as Chairman brought a wealth of experience and credibility to the label. His international business acumen and strategic insights helped Chocolate City navigate the complexities of scaling an entertainment business in a challenging environment.

Vertical Integration

The strategic move to offer vertical services such as distribution, licensing, and publishing created multiple revenue streams. This diversification insulated the company against the volatility of the music industry, especially in a market plagued by piracy. By controlling more aspects of the value chain, Chocolate City maximized its revenue potential and ensured a more sustainable business model.

Financial Independence

Operating without external funding has allowed Chocolate City to maintain strategic autonomy. This independence is a double-edged sword; while it limits financial resources for rapid expansion, it ensures that the founders retain control over the company's vision and operations.

Strong Management Team

The founders' diverse backgrounds in law, arts, and business have provided a solid foundation for the company. Audu Maikori's legal background provided a competitive advantage. His understanding of entertainment law and contract negotiations ensured that Chocolate City artists received fair and transparent deals, fostering trust and long-term loyalty. This legal acumen also helped the label navigate the complexities of the music industry, particularly in dealing with piracy and intellectual property issues. Paul Okeugo's extensive experience in building high performance teams at Nokia and Microsoft provided structural managerial stability for the company and ensured processes are at best practice levels. Other key players who have has helped shape the trajectory of the company are Abuchi Ugwu, whose experience as an A&R, sound engineer and artist manager give him a unique understanding of the management of talent, as well as Aibee Abidoye, a New York-trained lawyer who brought significant expertise in global music and copyrights regimes.

5. Conclusion

Chocolate City's journey **illustrates the type of success that can be achieved in the African creative ecosystem while remaining independent**. By focusing on untapped talent, leveraging legal expertise, diversifying revenue streams, and forging strategic partnerships, the label has carved out a unique position in the Nigerian and global music industry.

5.3. Christie Brown

1. Introduction

Christie Brown, a luxury Ghanaian fashion brand founded in 2008 by Aisha Ayensu, stands as a beacon of African creativity and heritage in the global fashion industry. **Specializing in modern outfits crafted from African patterns, fabrics, and techniques**, the brand has become synonymous with quality, cultural richness, and innovative design, and has been worn by celebrities such as Beyoncé, Tina Knowles and Alicia Keys. It also distinguishes itself by **its commitment to produce its garments locally**, on the African continent.

2. Company History and Evolution

Early days

Christie Brown was born out of Aisha Ayensu's passion for fashion and her desire to showcase the beauty of African culture on a global stage. Named after her seamstress grandmother, the brand started as a personal project during Aisha's final year of studying psychology. Despite having no formal training in fashion at the outset, her vision and commitment to quality quickly set Christie Brown apart. With a small DIY fashion show in Accra, the brand gained early recognition through a feature on Studio 53, a major African TV show on DSTV. **This exposure, combined with word-of-mouth marketing from satisfied customers, helped Christie Brown gain early traction** in the competitive fashion market.

The African Fashion landscape

From its inception, Christie Brown **positioned itself as a luxury brand, differentiating itself through the use of authentic African fabrics and modern design techniques.** Competing with both local and international brands like Thebe Magugu (South Africa), Lisa Folawiyo (Nigeria), Dye Lab (Nigeria), Andrea Iyamah (Nigeria), Tiffany Amber (Nigeria) or Loza Maleombho (Ivory Coast). Christie Brown carved out a niche by balancing traditional African aesthetics with contemporary fashion trends. This unique positioning allowed the brand to appeal to both domestic and international customers looking for high-quality, culturally rich fashion pieces.

> "*African fashion is not a trend. We have been doing this for years; it was never a fad for us.*"
>
> *- Aisha Ayensu*

Company structuration

Christie Brown **rapidly transitioned from bespoke made-to-order to ready-to-wear clothes.** Ayensu's selection as a fellow for the US State Department International Visitor Leadership Program (IVLP) for entrepreneurs exposed her to various business aspects, enhancing her understanding of the fashion industry. Business coaching from a client further helped Christie Brown establish processes and structures early, contributing to its growth over the past 15 years. Today, the company employs some 90 people. **It also boasts a robust corporate governance structure**, focusing on business continuity and succession planning, with a COO, a Head of Finance, and a Head of Global Business and Merchandising.

Local Production

All Christie Brown designs are created in-house, and manufacturing takes place in Ghana. The company, which is known for its commitment to local craftsmanship, often (but not exclusively) sources its raw materials from Ghana and other parts of Africa. It uses a variety of traditional African textiles, including wax prints, kente, and batik, which are commonly produced in Ghana and neighbouring countries. This approach not only supports local artisans and industries but also ensures that the designs have a strong connection to African heritage and culture.

Expansion to e-commerce

Initially adopting a design-driven approach, **Christie Brown later shifted to a merchandising-driven model to ensure each style and print was financially viable** and appealing to customers. This pivot was crucial in maintaining the brand's relevance and profitability. When it comes to distribution, Christie Brown operates a **flagship retail shop in Accra, and sells online via Shopify.** The launch of its e-commerce platform in 2015 significantly expanded its global reach, catering to a growing international clientele. This strategic move allowed Christie Brown to tap into the increasing demand for African fashion, driven by the rise of e-commerce and the growing appreciation for African designs worldwide. The Covid-19 pandemic, which could have presented a major challenge, ended up being a boon for the brand. The label reacted quickly and launched an online show to display its most recent line. The show was watched by 30,000 people, which led to increased sales. **Today, WhatsApp has also become a major channel** for Christie Brown to engage with its customers and inform them of the release of new pieces.

> *"We did everything on Instagram, we first started with IG live, and it was super interactive, the comment section was amazing. We then transitioned to IGTV where the main show was aired."*
>
> *- Aisha Ayensu*

Product Positioning

Christie Brown creates luxury and modern clothes and accessories from African fabrics and culture for **African women who wish to showcase their heritage through fashion**. The brand's merchandising-driven approach ensures that every style and print makes financial sense, appeals to customers, and conveys the brand's story. **Young designers and interns contribute to keeping the brand's designs relevant and appealing to its target demographic.** As a testament to its success, the brand has catered to celebrities and public figures, including Beyoncé, and received multiple awards such as the African Designer of the Year at Ghana's Glitz Style Awards (2018, 2019) and Emerging Designer of the Year at the 2009 Africa Fashion Week South Africa. International recognition from publications such as Harper's Bazaar and Vogue Italia, along with being named one of Forbes' 30 Most Promising African Entrepreneurs in 2016, underscores its global impact.

Funding

Aisha Ayensu launched Christie Brown with a $20,000 loan from a friend, which she repaid within a year. Since then, **Christie Brown has primarily relied on organic growth and internal financing**, maintaining a lean structure with no major external funding or debt. This approach has ensured steady growth and financial stability. The brand's ability to manage its finances effectively, despite the challenges of operating in a developing market, is a testament to its strong leadership and strategic planning.

> *We want to expand up our operations to be able to satisfy the rising demand. That's one area and issue we want to conquer. We did an excellent job of figuring out what the customer wanted… The focus currently is on having a sufficient supply of the product and a larger distribution."*
>
> \- Aisha Ayensu

Revenue Model

Christie Brown operates a **hybrid revenue model**, with a mix of in-store revenue through its flagship store in Accra and several multi-brand retailers (including Temple Muse in Lagos, Nigeria) and online sales. Christie Brown maintains originality and brand integrity in sourcing, collaboration, and the entire production value chain. **The brand operates a seasonless model, showing collections for a period and making them available for purchase almost immediately.** This allows for continuous availability of designs, catering to the fast-paced nature of fashion consumption today. The annual turnover has shown impressive growth, reaching $990,000 in 2023, up from $750,000 in 2022 and $650,000 in 2021. **This level of revenue is notable, especially considering that other African designer brands of a similar profile typically generate $200-400,000/year.** Christie Brown's revenue split has shifted according to market conditions, with a 60:40 split between in-store and online sales in Ghana, shifting to 30:70 during the Covid-19 pandemic.

3. Key challenges

Operational Issues and High Operating costs

- Producing high-quality garments in Ghana poses significant challenges, including **supply chain inefficiencies and higher operating costs**. The costs associated with maintaining quality production locally and managing international logistics are substantial. These financial pressures impact the brand's net margins, which are around 10%.
- The company is exploring outsourcing production to Turkey to mitigate these issues while maintaining its commitment to African manufacturing.

Navigating Market Dynamics

- The African fashion industry is rapidly evolving, with new brands emerging and international fashion houses increasingly incorporating African-inspired designs. **Christie Brown must continuously innovate and adapt to stay ahead of these trends.** The brand's ability to maintain its unique identity while responding to market changes is crucial for its long-term success.

4. Key drivers of success

Global Appreciation

The increasing global appetite for African-inspired fashion has been a major driver of Christie Brown's success. The brand's ability to tap into this growing market with authentic, high-quality products has been pivotal.

Quality and Originality

Christie Brown's commitment to maintaining high standards of quality and originality has set it apart. The use of unique African patterns and techniques, combined with modern design sensibilities, resonates with a diverse customer base.

Adaptability and Innovation

The brand's shift from a design-driven to a merchandising-driven approach, and its early adoption of e-commerce, illustrate its adaptability. These strategic moves have allowed Christie Brown to stay ahead of market trends and consumer preferences.

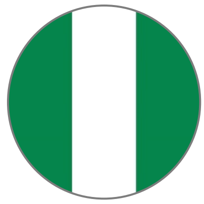
Strong Corporate Governance

A robust corporate governance structure, with dedicated roles for finance, global business, and merchandising, ensures efficient operations and strategic planning. This has been instrumental in navigating challenges and sustaining growth.

5. Conclusion

The commercial success of Christie Brown can be attributed to its strategic positioning as a luxury brand, early media exposure, robust corporate governance, and adaptability to market changes. By leveraging e-commerce, maintaining high standards of quality and originality, and ensuring financial prudence, **Christie Brown has managed to achieve impressive revenue growth and a strong global presence**. These factors collectively explain why Christie Brown stands out in the African fashion industry, **achieving significantly higher revenues compared to many other similarly well-known African designer brands.**

5.4. FilmHouse Group



1. Introduction

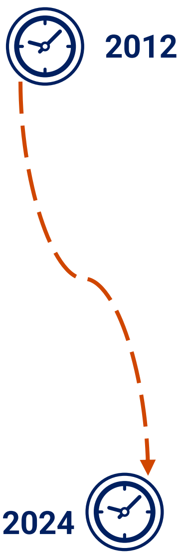
FilmHouse Group, established in 2012 by Kene Mkparu, Kene Okwuosa and Moses Babatope, has emerged as a leading player in the Nigerian film industry. As **a premier exhibitor, distributor, and producer, FilmHouse Group has redefined the landscape of Nollywood** and the broader African film market. With its headquarters in Lagos and a network of cinemas spread across Nigeria, the company is dedicated to providing world-class entertainment experiences. FilmHouse Group's strategic initiatives, including its partnership with global entities like IMAX or Netflix, have solidified its role as a key player in the film industry.

2. Company History and Evolution

Early days

FilmHouse Group was founded **with the vision of revolutionizing cinema exhibition in Nigeria**. The founders, Kene Mkparu, Kene Okwuosa and Moses Babatope, all Nigerians working at Odeon Cinemas in London at the time, recognized the untapped potential in the Nigerian market. They moved back to Lagos to start FilmHouse, with the goal to provide high-quality cinematic experiences to the underserved Nigerian market. The initial focus was on **building a chain of modern cinemas equipped with state-of-the-art technology, comfortable seating, and diverse movie offerings** to attract a broad audience.

Expansion and Diversification



By 2015, FilmHouse had successfully established multiple cinema locations across major Nigerian cities, including Lagos, Abuja, and Port Harcourt. As the time of writing, the company has solidly established itself as **the largest film exhibitor in West Africa with 57 cinemas** (out of a total of 76 DCI-compliant sites), commanding the largest market share with 29% of the box office gross and 22.7% of admissions. In the past 10 years, the company also **expanded its operations to include film distribution with the 2014 launch of its FilmOne Distribution arm** (later rebranded to FilmOne Entertainment), coinciding with the release of the company's inaugural film, "Half of a Yellow Sun," adapted from Chimamanda Adichie's acclaimed novel. FilmOne Entertainment was launched to bridge the gap between filmmakers and audiences, providing a seamless pipeline for movie releases. The division, led by Moses Babatope, set out to revolutionize film marketing in Nigeria, introducing for the first time in the country the sleek posters and glamorous, star-studded premieres that have now become a staple of Nollywood. Today, **FilmOne Entertainment is West Africa's largest distributor by far, with a 72.60% market share.**

> *"Since [2014], we have steadily grown, producing between 12 to 15 films annually in collaboration with top filmmakers, writers, and actors across Nigeria and the continent."*
>
> \- Moses Babatope

Positioning in the Local and Global Film Industry

The Nigerian film industry, commonly known as Nollywood, is the second largest in the world by volume, producing over 2,000 films annually. Despite this, the industry has historically faced challenges such as piracy, limited distribution channels, and funding constraints. FilmHouse Group has played a pivotal role in addressing these challenges by **providing a structured distribution network, high-quality exhibition venues, and investment in local content production**. Globally, Nollywood films have gained traction, attracting audiences in the African diaspora and beyond. Platforms like **Netflix**, which launched in Nigeria in 2019, have further **amplified the reach of Nigerian films, providing an avenue for global exposure, while at the time representing strong competition from FilmHouse**.

IMAX Partnership and Further Growth

In 2016, FilmHouse Group entered into a **strategic partnership with IMAX**, bringing the globally renowned IMAX experience to Nigerian audiences. This move not only elevated the standard of cinema exhibition in Nigeria but also positioned FilmHouse as a pioneer in the industry. The partnership with IMAX underscored FilmHouse's commitment to delivering cutting-edge entertainment experiences.

Production Ventures

Recognizing the importance of content creation, FilmHouse Group ventured into film production, initially through its distribution subsidiary, FilmOne Entertainment. FilmOne focused on producing high-quality Nollywood films that resonate with both local and international audiences. Notable productions include "The Wedding Party" series, which achieved record-breaking box office success and garnered international recognition. In 2020, **FilmHouse launched its first, $1million film fund** in partnership with HuaHua Media China and Empire Entertainment South Africa. The now closed film fund financed or co-financed 15 titles, most of which delivered positive returns despite the pandemic and Nigeria's multiple economic challenges. The company's production division eventually became its own label under the name FilmOne Studios in 2022. Over the past few years, initiatives such as FilmHouse's film fund, as well as the arrival of the streamers, **led to the development of more structured financing for film in Nigeria.**

> *"As we delved deeper into the industry, we recognized the importance of producing high-quality films tailored to the preferences of our audience. This realization, coupled with the growing demand for diverse and authentic storytelling, prompted our expansion into film production."*
>
> - Moses Babatope

Revenue Model

FilmHouse Group generates revenue through multiple streams, including **cinema ticket sales, food & beverage sales, film distribution fees, and production earnings.** The exhibition segment remains the primary revenue driver, with significant contributions from concessions and premium experiences like IMAX. The Covid-19 pandemic and lockdown represented a major challenge, which the company overcame by cutting costs and expanding its distribution activities. The distribution arm capitalizes on the rising demand for Nollywood films domestically and internationally, while the production division benefits from box office revenues and streaming deals with platforms such as Netflix, Amazon Prime and others.

“[During the lockdown] everything was going to streaming, so the catalogue we had built over the years, we were able to monetize that and that was able to help sustain things while the cinema revenue took a hit. As the largest supplier of content to our streaming partners, Netflix and Amazon, everyone wanted content, so we were able to boost supply and through that we also strengthened our studio relationships as well.”

- Kene Okwuosa

Financing

In 2011, the Goodluck Jonathan administration established a Creative Industry fund, managed by the Bank of Industry (BOI), a development finance institution in Nigeria. **FilmHouse became the first company to access the fund, which enabled it to open its first cinema in 2012**.

In 2014, FilmHouse **received investment from PE Firm Africa Capital Alliance (ACA)**, which took a majority position in the company. Subsequent growth was fueled by reinvested profits and strategic partnerships. In 2016, the partnership with IMAX included a financing component that supported the expansion of IMAX theatres across Nigeria.

[In 2012], we had just come from London and we assumed we would fill out a form and wait for the call. We did that and no one called us back. We got as far as being invited to pitch properly for a loan for one million dollars. They were impressed. We had no security or collateral, but they were taken by the passion and management expertise we had to set up cinemas.”

- Kene Okwuosa

3. Key challenges

Harsh business environment

- FilmHouse Group had to face multiple challenges due to Nigeria's **unfriendly business environment**, such as multiple devaluations of the Naira, the country's long running economic crisis, inflation, as well as the lengthy closure of its cinemas during the Covid pandemic/

Infrastructure limitations

- While urban areas have seen significant investment in modern cinema infrastructure, rural areas still **lack adequate facilities**, limiting the reach of high-quality cinematic experiences.

Piracy

- Despite efforts to combat it, **piracy remains a significant issue for Nollywood**. Unauthorized distribution of films affects revenue streams and undermines the industry's growth.
- FilmHouse **spends considerable efforts and resources combatting the piracy of its films**, including ensuring that all films released in cinemas are encrypted in the Digital Cinema Format version which makes it difficult to replicate and duplicate, signing up to new technology that makes it seamless to project video through its media player (preventing the content from being ripped off and copied into another device), regular staff screen checks, protecting and maintaining the theatrical window for major Nollywood releases, constituting a technical team that reports illegal files, file sharing links and sites to authorities, and finally supporting police investigation and copyright protection enforcement efforts.

Funding constraints

- Although FilmHouse Group is an outlier in that it managed to raise institutional funding early on, access to financing remains a challenge for film production and expansion projects. **High-interest rates and limited funding options** can hinder the industry's growth potential.

Competition from international studios

- The influx of international films and streaming services poses a **competitive threat** to Nollywood in general and FilmHouse in particular, which must continuously innovate to maintain its market share.

> *Nollywood needs funding in several areas like in cinemas. That's something that should be taken very seriously because that is the outlet for monetization. We just don't have enough funding or support to build the cinemas and build them fast enough."*
>
> \- Moses Babatope

4. Key drivers of success

Strong management and corporate structure

FilmHouse's corporate structure includes experienced founders and a solid board chaired by PE firm ACA. However, co-founders Kene Mkparu left FilmHouse in 2018 and Moses Babatope in 2024, with Kene Okwuosa remaining as sole original co-founder and CEO of the FilmHouse Group.

Deep engagement to help structure the African Film industry

FilmHouse played a key structuring role for the industry as a founding member of the Cinema Exhibitors Association of Nigeria (the only Cinema Trade Association in Africa), using that body to encourage transparency and accountability in the sector, notably with the introduction of global media measurement and analytics company Comscore, to track, measure and communicate box office performance in Nigeria.

Deep understanding of audience and cinema-going behaviour

FilmHouse's expertise about the Nigerian cinema audience was acquired over many years of operation throughout the country and through trial and error.

Strategic partnerships

Collaborations with global entities like Netflix, Disney, Warner Bros, and IMAX have enhanced FilmHouse's brand and expanded its market reach, providing Nigerian audiences with world-class cinematic experiences.

Comprehensive service offering

FilmHouse's integrated approach, encompassing exhibition, distribution, and production, creates a robust ecosystem that supports the entire film value chain.

Technological innovation

Investment in state-of-the-art cinema technology and digital distribution platforms has improved the quality and accessibility of Nollywood films.

5. Conclusion

FilmHouse Group's evolution from its 2012 inception to a leading force in Nigeria's film industry exemplifies strategic vision and innovation. **By tackling piracy, infrastructure issues, and funding challenges, FilmHouse has elevated Nollywood's standards.** Strategic partnerships and investments in marketing and in cutting-edge technology have set new industry benchmarks. The diversification into production with FilmOne Studios has boosted revenue and global recognition, as seen with hits like "The Wedding Party" or the "Merry Men" franchise. Despite international competition, FilmHouse's integrated approach, strategic investments, and focus on quality position it as **a clear leader of the Film industry in Africa.**

5.5. Kana TV

1. Introduction

Kana TV, **a free-to-air private satellite television channel based in Ethiopia**, **has fundamentally transformed the Ethiopian media landscape** by introducing high-quality dubbed foreign content in Amharic, the country's main language. Founded in 2016 by Elias Schulze, Addis Alemayehou, Nazrawi Ghebreselasie and Zeresenay Berhane, with substantial support from the Moby Group, Kana TV quickly gained traction and achieved significant viewership. The channel's unique programming includes a variety of dubbed foreign TV shows, particularly Turkish dramas, which have garnered immense popularity among Ethiopian audiences. In addition to entertainment, Kana TV offers news, talk shows, and lifestyle programs, catering to diverse viewer interests. The channel's commitment to high-quality production values and professional dubbing has set new benchmarks in Ethiopian television, reflecting a broader trend of localized international content in the African media landscape**. It was acquired by Canal+ in Q4 2020.**

2. Company History and Evolution

Early days

The concept of Kana TV started from **the idea to replace foreign content**, widely accessible in Ethiopia through satellite connections like ArabSat and NileSat, **with localized dubbed or original content**. American-born Elias Schulze, leveraging his extensive experience from McKinsey and Jumia Group, initiated a feasibility study to validate the market potential. The study, led by a fellow ex-McKinsey consultant, confirmed the hypothesis that there was a viable market for Amharic-language content, paving the way for the next steps in the venture.

Kana TV was born from a team of four co-founders consisting of Elias Schulze, Nazrawi Ghebreselasie, Addis Alemayehou and Zeresenay Berhane, who brought diverse and complementary skills to the project. The founders conducted **extensive media monitoring and pre-funding assessments** over six months to gather substantial data on advertising revenue. They estimated the TV ads revenue market to be $10M - $12M per year in 2014, with scope for significant catch-up potential given GDP growth and population.

A solid and experienced backer

The founders pitched to **Moby Group (MG), a media conglomerate known for its expertise in producing and broadcasting localized content in frontier markets**. With a history of successful ventures in markets like Afghanistan, MG had demonstrated a commitment to innovation and quality in the media industry. Leveraging strategic partnerships and investments, it had already played a significant role in shaping media landscapes across diverse cultural contexts. Having recently secured a $40M joint venture with FOX, **the group saw potential in Kana TV and agreed to invest 80% of the required capital, while the co-founders contributed the remaining 20%.** The investment commitment by MG amounted to $12.9 million, representing one of the largest, if not the largest, private investment in the Ethiopian entertainment sector.

> *Kana TV's success has proven the value of Moby's approach to geographic expansion [in] partnering with high-quality local entrepreneurs and media professionals to bring world-class content to local audiences."*
>
> - Madiha Sattar, Head of Moby Group's strategic initiatives

Local market and positioning

Before Kana TV, Arab-origin satellite TV dominated Ethiopian viewing habits. **Kana TV came at the right time, with the right value proposition.** Kana TV's content strategy initially focused on acquiring popular international series and films from countries like Turkey, Korea, India, and Latin America, dubbing them into Amharic. This approach aimed to cater to the tastes and preferences of Ethiopian viewers, who showed a strong affinity for these foreign dramas. Over time as per the founders' original strategy, the station shifted to producing and broadcasting a majority of original content.

> *Before Kana, some Ethiopian parents were shocked at the level of exposure and fluency some of their kids had to Arabic language content, over and above more relevant Amharic or English TV content."*
>
> - Elias Schulze

> *What once was a limited content landscape was turned into a diverse content offering through Kana, paving the way to the growth of the industry as a whole."*
>
> - Nazrawi Ghebreselasie

Operational setup

Kana TV's operational setup involved **hiring about 160 staff members** specialized in video editing, dubbing, and other critical areas, with a focus on delivering high-quality content. Among the mostly young Ethiopian staff, the median age was 22, with 50% female employees. **Extensive in-house training programs were implemented, leveraging Moby Group's expertise.**

The production process for Kana TV involved a multi-phased and coordinated operation, starting from research and analysis to select shows, negotiations, purchase, translation, syncing, casting, acting, audio and video editing, quality control, and scheduling. The final content was uploaded via the internet to the playout station with Moby Group's operation at Tolo TV in Kabul, Afghanistan, where it was then uplinked to satellite for broadcast.

This means that **the company had to make significant investments in sophisticated hardware and satellite space to ensure top-notch production quality,** importing advanced equipment for high-definition broadcasting. Again leveraging its partnership with Moby Group, Kana TV effectively managed the challenge of obtaining the necessary equipment, as well as the requisite technical training conducted locally in Addis as well as Dubai and Kabul.

Growth and performance

Kana TV officially launched in April 2016. Its unique offering of high-quality dubbed content quickly resonated with viewers, and by 2018, the channel had amassed over 2 million daily viewers, a testament to its widespread appeal. **The founders pursued a conservative financial management strategy**, only spending a small portion of the initial capital availed by the Moby Group. **The channel achieved profitability within just 10 months of its launch**, an impressive feat considering the initial challenges in the Ethiopian media market.

Political Instability

During Kana TV’s early years, Ethiopia faced considerable socio-political instability, including frequent internet shutdowns. Despite these challenges, **Kana TV maintained a neutral stance on polarizing topics** and adhered to strict internal censorship guidelines to avoid antagonizing any political or social groups. This helped in maintaining a stable operating environment. Kana TV's ability to adapt to market conditions, such as the political climate and economic challenges, was key to its sustained success. This adaptability included strategic content decisions and innovative revenue generation methods.

Revenue Streams

Despite the initial lack of reliable TV viewership and advertising data, Kana TV developed **innovative advertising packages tailored to different industries,** such as FMCG, hospitality, and beverages. This strategy not only attracted advertisers but also stimulated growth in the advertising market. Eighty-five percent of Kana’s advertising revenue came from large established brands such as Coca Cola or Unilever, while 15% came from small and medium-sized enterprises, including toy stores, health clinics, restaurants, or malls.

Kana launched an innovative advertising product called the Business Booster Package (BBP), which **gave SMEs the option to have their TV ad created by Kana when they committed to advertise on the station.** Prior to that, TV advertising seemed too inaccessible to Ethiopian SMEs. Kana TV also secured revenue through social sponsorships or NGOs, collaborating with corporate entities on various projects and programs, thereby diversifying its income sources. The channel also leveraged digital platforms like YouTube, extending its reach and generating additional revenue through online advertising.

Acquisition by Canal+

CANAL+

In 2020, French Pay TV operator Canal+ acquired Kana TV as part of its strategy to expand into the African region. This acquisition underscored Kana TV's success and strategic value in the Ethiopian media market. For Canal+, acquiring Kana TV represented an opportunity to tap into a well-established and rapidly growing market, while for Kana TV, it meant access to additional resources and expertise to further enhance its offerings, while providing an exit for its founders.

Today, the company counts **513 employees and produces 6,200 hours of dubbed content a year** for both Kana TV's free to air platform and the 14 thematic channels of Canal+. Kana TV also produces 700 hours of local Ethiopian content a year, representing a 775% increase since 2018.

3. Key challenges

HR skills and training

- The most significant challenge, according to management, was human resources.
- Kana TV had to build its own internal training program in order to equip a large number of young new graduates with the skills necessary to produce content and compete in a fast growing TV landscape.

Lack of market data

- The absence of comprehensive market data on TV viewership and advertising revenue in Ethiopia posed a significant challenge for Kana TV. This lack of data made it difficult to accurately assess the market size, audience preferences, and potential revenue streams.

Fledgling local advertising market

- The emerging nature of the local TV ads market made it vulnerable to various ecosystem disruptions, which included a government ban on beer advertising on television (which shrunk TV advertising revenue by 50%) and the Covid-19 pandemic.

Political volatility and Internet Shutdowns

- During Kana TV's development, Ethiopia faced considerable socio-political instability, including frequent internet shutdowns, which required the company to spend time and resources to overcome.
- Kana's management also had to negotiate various pressures locally (from existing competitors or arising from shifting government priorities) given the company's visibility.

Sourcing Foreign Exchange for Importation of Equipment

- Importing sophisticated hardware and other equipment required for high-quality media production necessitated access to foreign exchange, which can be scarce and difficult to obtain in developing markets like Ethiopia.
- Kana TV effectively managed this challenge by leveraging its partnership with Moby Group, which provided substantial financial backing.

4. Key drivers of success

High-Quality Production Value

Kana TV's commitment to high production value and professional dubbing set a new standard in Ethiopian television. From day one, the company also invested in original content production, which grew over time to eventually represent the majority of Kana TV's programming. This focus on quality helped attract and retain a large viewership.

Localized Content Strategy

By acquiring popular international series and films and dubbing them into Amharic, Kana TV made content accessible and appealing to a broad Ethiopian audience. This localization strategy was instrumental in the channel's rapid growth.

Innovative Advertising Solutions

Kana TV stimulated the advertising market by developing bespoke ad packages for different industries and leveraging mined data to tailor advertising strategies. This not only attracted advertisers but also helped grow the overall ad revenue market.

Strong Regulatory and Government Relationships

Maintaining good relationships with regulators and government officials was crucial for navigating the complex regulatory landscape and ensuring compliance with local laws.

Experienced Management Team

The leadership team, including individuals with backgrounds in consulting and media management, brought valuable expertise and strategic vision to Kana TV. This experience was critical in navigating the challenges and driving the company's success.

Strong Company Culture

Kana TV built a company culture praised by its employees as an innovative, demanding, rewarding, and overall great place to work, illustrated by the company's attrition rate of less than 1% year on year.

5. Conclusion

Kana TV's journey from inception to acquisition is **a compelling case of strategic market entry, effective localization, and adaptive growth in a challenging environment.** The channel's ability to navigate socio-political challenges, stimulate market growth, and deliver high-quality content has set a benchmark in the Ethiopian media landscape. Elias Schulze led Kana TV during its 2015-2017 formative years and was succeeded by Nazrawi Ghebreselasie, who still runs the company as CEO today. As a Canal+ subsidiary, Kana TV continues to thrive, demonstrating the enduring value of its foundational strategies.

5.6. Landmark Africa

1. Introduction

Landmark Africa Group is **a leading real estate development company in Nigeria with a focus on creating integrated urban communities that blend business, leisure, entertainment and lifestyle amenities**. Established in 1998 during the dotcom boom as a British company offering virtual office services, Landmark has grown into a prominent player in the African infrastructure scene, providing physical spaces for Entertainment and Creative SMEs and an enabling environment for the development of the creative sector.

The entire Landmark ecosystem includes:

- **Landmark Village**: featuring office spaces, residential units, hotels, and leisure facilities.
- **Landmark Centre**: A major event and conference centre located within Landmark Village, known for hosting significant local and international events.
- **Landmark Beach**: A recreational beach within the Landmark Village, providing leisure and entertainment options. Up until its demolition which began in May 2024, it accommodated several SMEs in the CCI, ranging from art galleries to music bars, serving the 20,000 visitors that Landmark attracts daily.

2. Company History and Evolution

Early days

During the late 1990s dotcom boom, Landmark was founded to provide virtual office services to emerging digital companies in Europe and the Americas. Established by its British-born Nigerian CEO, Paul Onwuanibe, the company **quickly gained traction by catering to the burgeoning demand for flexible office solutions**.

Competitive Landscape and Market Positioning

The early 2000s saw rapid developments in the digital and real estate sectors, with many companies vying for market share. Landmark differentiated itself by offering bespoke office services tailored to the needs of digital startups, thereby carving a niche in a competitive landscape dominated by traditional office space providers.

Pivots and Strategic Shifts

In 2007, Paul Onwuanibe identified a new opportunity in Nigeria. He acquired a large expanse of unused land in Oniru, Lagos State, and pivoted Landmark's operations from Europe to Africa. This strategic shift involved selling all European assets and **focusing entirely on developing a work-live-and-leisure ecosystem in Nigeria**. This pivot marked the beginning of Landmark Village, a mixed-use development featuring office spaces, residential units, hotels, leisure facilities, and a beachfront, with a focus on lifestyle and entertainment.

Development and Growth

Over the past 15 years, Landmark Africa Group has grown significantly, and **was valued at over $200M in 2023**. The company's flagship developments—Landmark Village, Landmark Centre, and Landmark Beach—have become central to Lagos's urban and cultural landscape. They host a wide array of media events, fashion shows, and creative companies, thereby **acting as a catalyst for the CCI ecosystem in sub-Saharan Africa**.

Revenue Model and Funding

Landmark's revenue model is diverse, with **Leisure & Hospitality and MICE (Meetings, Incentives, Conferences, and Exhibitions) being the top contributors**. In its over 25 years existence as a registered company, Landmark has taken different forms of financing; from family and friends to **largely debt financing from international bank loans and Nigerian banks**, most of which have been paid off In 2016, Landmark took on a significant investment of $20 million, to help further its growth strategy, but access to more financing in the last 5 years has been difficult because of the fluctuations in the dollar-naira rates and the overall macroeconomic conditions of the country. Furthermore, most banks don't seem to understand the dynamics of an infrastructure-enabled, entertainment and hospitality sector.

> *It would be nice to have a regional, African or Nigerian funding platform that funds businesses in this sector, and assess those businesses in a different way."*
>
> - Paul Onwuanibe

Recent Developments

In May 2024, the Nigerian government demolished a section of the Landmark Beach Resort to make room for the construction of the 700-kilometer Lagos-Calabar road project, providing a **stark illustration of the difficulty of doing business in Nigeria**. Landmark Africa Group is now looking at two new beach properties in West Africa: one in The Gambia and one in Nigeria's southeast. Both developments will be fully funded by Landmark at $5 million each, with the land provided by government partners. Additionally, Landmark is exploring several sites in Lagos for another leisure property, although this is complicated by the lack of compensation from the Nigerian government for the demolished beach property. These initiatives underline Landmark's resilience and strategic pivot to continue its growth and make significant contributions to tourism and the CCI in West Africa.

3. Key challenges

Lack of government support

- Despite its contributions to the economy and the CCI, Landmark faces a lack of robust governmental support.
- Policies and programs that support infrastructure development and creative industries are insufficient, limiting the company's growth potential.

Access to finance

- Landmark's business model, which is service-based rather than asset-based, complicates access to traditional financing options.
- Banks and financial institutions often fail to understand the unique dynamics of infrastructure-enabled entertainment and hospitality sectors.

Municipal infrastructure

- The lack of adequate municipal infrastructure poses significant operational challenges. Issues such as unreliable electricity, poor road networks, and inadequate waste management affect the company's ability to deliver seamless services.

Safety, Security, and Aesthetic Appeal

- Ensuring safety and security while maintaining the aesthetic appeal of its properties is an ongoing challenge for Landmark. Addressing these concerns is crucial for attracting and retaining both businesses and visitors.

4. Key drivers of success

Unique Ecosystem

Landmark's integrated business, leisure, and lifestyle ecosystem is a key differentiator. By offering a comprehensive range of services and facilities within a single development, Landmark attracts diverse clientele, from corporate entities to creative professionals.

Understanding of the Local Environment

Landmark's deep understanding of the local environment, both in terms of infrastructure and service delivery, has been pivotal to its success. This knowledge enables the company to tailor its offerings to meet the specific needs of the Nigerian market.

Excellence in Service Delivery

Landmark places a high emphasis on staff training and excellence in service delivery. Specialized training programs ensure that staff members are equipped to provide top-notch services, thereby enhancing customer satisfaction and loyalty.

Contribution to CCI

By providing world-class venues and facilities, Landmark has significantly contributed to Nigeria's CCI. Hosting international conferences, cultural events, and creative productions has positioned Landmark as a central hub for creative activities in a region where such infrastructures are rare.

5. Conclusion

Landmark Africa Group exemplifies how strategic vision and adaptability can turn challenges into opportunities. By continually evolving and adapting its business model, the company has not only survived but thrived in a competitive and often unstable economic environment, until its recent demolition. The company's emphasis on **creating a mixed-use development that supports both business and leisure activities showed what is possible when the field of urban development meets the Creative sectors.**

5.7. Marodi TV

1. Introduction

Founded by Serigne 'Mass' Ndour in 2012, Marodi TV initially began as a VOD platform but has since evolved into **a multifaceted production house with a strong presence on YouTube**. Best known for being the producer of the smash hit TV series "Mistress of a Married Man", Marodi TV **pioneered new approaches to local content production and monetization**, establishing itself as a prominent player in the West African media landscape. In 2024, Marodi TV welcomed French operator Canal+ as a minority strategic investor.

2. Company History and Evolution

Early days

Serigne 'Mass' Ndour, an ex-IBM engineer trained at Telecom Paris, launched Marodi TV in 2012 as a Video-on-Demand (VOD) platform. The platform hosted local content sourced from Senegalese TV stations and quickly garnered popularity, **reaching 1 million views per month by 2015**. But despite the high engagement, the costs associated with bandwidth, software development, maintenance, and content acquisition rendered the VOD model financially unsustainable.

Senegal's Television Landscape

The television landscape in Senegal is vibrant and diverse, characterized by a mix of public and private broadcasters offering a wide range of programming to cater to the country's varied audience. Senegal's audiovisual boom began in the 2000s and the sector continues to expand rapidly. In the past five years or so, **the production of local series has exploded**, coming to shake up the dominance of Mexican and Brazilian telenovelas on Senegalese TV.

The mass production of Senegalese TV series was enabled by a certain set of factors that are specific to the country. The first key determinant is cultural: the Senegalese are passionate about Senegalese content, when it is made for them. The other factors are linked to the characteristics of the Senegalese broadcast market. First, like in many African countries, Senegalese broadcasters operate on a barter model, in which producers must seek out financing from sponsors to cover both the costs of production and the purchase of airtime, sharing revenue with the TV channel. Although the fact that broadcasters are not paying for content is a limiting factor for the industry, **the silver lining is that Senegalese TV producers remain in control of their own content**, both in terms of IP ownership and distribution strategy.

YouTube in Senegal

YouTube staffers on the ground meant that **monetization for local content was enabled in Senegal years before other African countries**, and that real efforts were made to on-board local advertisers. When Senegalese TV producers started uploading their series on YouTube around 2012, these videos rapidly attracted millions of online views, which translated into advertising revenue reaching the thousands and even tens of thousands of dollars per month.

Pivot and new positioning

Ndour had correctly spotted the opportunity created by the rise of digital platforms and the increasing internet penetration to transform the media consumption habits, with many Senegalese turning to online streaming services and social media for content. In 2015, Marodi made the decision to **transition from its own, costly platform to YouTube, and to start targeting the Senegalese audience rather than the diaspora** with culturally resonant content. The company began **investing in original series production**, leveraging user data from its original platform to tailor content that appealed to local tastes. This strategic pivot allowed Marodi to differentiate itself from competitors and build a loyal viewership.

Growth

This critical pivot marked a turning point for Marodi. By producing original series and distributing them on both television and YouTube, Marodi optimized its content reach and monetization strategies. The company's first original series gained rapid traction, establishing Marodi as a household name in Senegal. In 2018, the series “Mistress of a Married Man ("Maîtresse d’un homme marié") became a major hit, amassing **over 4.8 million subscribers on YouTube**. The series' success **led to licensing deals with Canal+ and Amazon Prime,** expanding Marodi's audience across West Africa and beyond. In terms of demographics, 56% of Marodi’s viewers are women, and 70% are aged between 18 and 34. By 2023, Marodi had grown to produce 4-5 series in parallel, **reaching 5,370,000 YouTube subscribers and employing 150 staff and 200 actors during production months.**

Revenue Model

Marodi's innovative model **combines four different revenue streams**, which allows the company to generate a 20-40% production margin, which is very healthy by industry standards:

- **Brand Sponsorships and Product Placements:** Partnering with brands to feature their products within the content itself.
- **YouTube Advertising**: Distributing its content on YouTube and monetizing it through YouTube ads.
- **Content Licensing:** Licensing series to broadcasters like Canal+ and platforms like Amazon Prime.
- **In-House Advertising Agency:** Offering advertising services to clients.

Funding

Despite being profitable for close to 10 years, Marodi TV struggled to raise traditional financing. Attempts to secure funding from banks and private equity funds were unsuccessful due to high interest rates and inflexible terms. In consequence, the company has largely been self-funded, maintaining profitability without significant external investment besides a convertible note from a local family office, resulting in a 10% equity stake.

Strategic Partnership with Canal+ Group

In March 2024, Canal+ Group announced that it had acquired a minority stake in Marodi TV. The deal was the logical conclusion of a partnership built over five years, in which Canal+ had become Marodi's biggest client and distributor. Marodi TV will continue to be managed by Mass Ndour, and to leverage Canal+'s strengths to enhance the quality and depth of its catalogue and expand distribution across Africa.

The collaboration includes co-producing series such as "Emprises" and "Déchéances", exploring new genres and formats, including non-fiction content, and developing new content for Canal+'s future channel in Pulaar. The planned construction of physical studios and expansion into international markets will likely solidify Marodi's status as a leading content producer in Francophone Africa.

3. Key challenges

Financial Constraints

- High operational costs and limited access to financing have been significant hurdles.
- The challenges faced by the company in securing traditional financing has restricted Marodi's ability to scale rapidly and invest in more extensive production infrastructure

Competitive Market

- The influx of content from global giants like Canal+ and Netflix as well as regional content providers and local broadcasters presents a constant competitive pressure.

Bandwidth and Infrastructure:

- Marodi experienced initial challenges with bandwidth and maintaining a VOD platform.
- Although the shift to YouTube alleviated some of these issues, the broader infrastructure limitations in Senegal still pose challenges for consistent content delivery.

4. Key drivers of success

Data-Driven Content Production

Marodi's ability to leverage user data, and analyse viewing patterns and preferences, to create content that resonates with the target audience has allowed the company to produce highly engaging content.

Strong Local and Diaspora Audience

A significant portion of Marodi's viewership comes from Senegal and its diaspora, ensuring a loyal fanbase. This dual audience base has provided Marodi with a stable and growing viewership.

Innovative Revenue Streams

Diversifying income through brand sponsorships, YouTube ads, and in-house advertising services. This multi-pronged approach has enabled Marodi to maintain robust revenue streams despite market fluctuations.

Strategic Partnerships

The collaboration with Canal+ not only brings in investment but also provides Marodi with access to a larger distribution network and co-production opportunities, enhancing its content quality and reach.

5. Conclusion

Marodi TV's journey from a struggling VOD platform to a leading content producer in Senegal illustrates **its leadership's adaptability, data-driven content creation, and innovative monetization strategies**. The company's success underscores the importance of understanding local market dynamics and leveraging technological advancements to meet audience demands. As it continues to grow with the backing of Canal+, Marodi is poised to enhance its production capabilities, expand its content library, and increase its distribution footprint across the continent.

5.8. Mavin Records

1. Introduction

Mavin Records, founded by renowned Nigerian music producer Don Jazzy, has emerged as a significant player in the global music industry, particularly within the Afrobeats genre. Established in Lagos in 2012 following the dissolution of Mo'Hits Records, Mavin Records has signed numerous award-winning artists and has been instrumental in nurturing the Afrobeats movement. **In 2024, Universal Music Group acquired a majority stake in Mavin in the largest deal in the African Creative Industries on record**, providing a lucrative exit for its investors.

2. Company History and Evolution

Early days

Mavin Records **emerged from the dissolution of Mo' Hits Records**, a label co-founded by Don Jazzy and D'banj in 2006. The partners' split in 2012 led to the establishment of Mavin Records, with a roster that initially included Tiwa Savage, Dr SID, D'Prince, and Wande Coal. For his new venture, Don Jazzy brought on board a young marketing executive, Peter Tega Oghenejobo, who would later become a pivotal figure in the company.

Sector overview

The African music sector is experiencing rapid growth, driven by increasing global interest in genres that showcase Africa's rich musical heritage, such as Afrobeats and Amapiano. Nigeria, in particular, has become a powerhouse in this industry, with artists like Burna Boy, Davido, Wizkid, and Tiwa Savage gaining significant international acclaim. Streaming services and digital distribution have redefined music consumption in Africa, reducing piracy, increasing global reach, and boosting revenue. While a large proportion of Mavin Records' revenue was initially still from physical performances and endorsements across Africa, it recognized that this digital shift would be increasingly crucial for its strategy and growth.

> *"Afrobeats' global expansion owes a lot to the digital revolution. The viral potential that social media has presented and the tour side of the business is aiding our bid to take over the world"*
>
> - Don Jazzy

Market positioning

Mavin Records has positioned itself as a leader in the African music industry by **focusing on discovering and nurturing new talent, leveraging digital platforms, and maintaining a collaborative and innovative culture**. The label's roster includes current stars like Rema, Ayra Starr, Johnny Drille, Ladipoe, and Crayon, as well as former artists like Tiwa Savage, Reekado Banks, Korede Bello, and Wande Coal.

"The fact that everyone wants to work for Mavin or be a Mavin artist is as a result of the groundwork we laid ten years back. It's not a thing of two months or one year, people in the music space sometimes forget it's a long game."

- Tega Oghenejobo

Hands-on Role of Kupanda Capital

In 2017, Mavin Records underwent a significant pivot when **Don Jazzy was approached by Kupanda Capital**, a business building platform focused on emerging markets. Kupanda was founded in 2012, by Bobby Pittman, Linda Oramasionwu-Leverette, and Queen Nworisara Quinn. Recognizing the potential of Afrobeats, **Kupanda Capital and TPG Growth created a joint venture, Kupanda Holdings, and invested more than $10 million in Mavin Records.** This investment was aimed at transforming Mavin into a digital-first music business with global reach.

Kupanda moved two senior staff, Jordan Slick and Rima Tahini, to Lagos to work with Mavin's founders on the new build. **Key elements of the restructuring** involved: revising artist agreements and creating international distribution and publishing contracts, implementing new accounting and finance practices, forming new marketing and accounting teams, instituting rigorous corporate governance and establishing an academy to train artists for the digital age.

In addition, capital was allocated to build state-of-the art recording studios, and recruit world-class local talent across the business' functional areas, building a strong team of 70 people overall. These building blocks would prove to be crucial in positioning Mavin Records for future growth and success.

"Coming into [an] industry where there are no proper roles, no proper structure. We've now become a company where we have staff with different responsibilities within the business."

- Tega Oghenejobo

Growth and Development

Mavin Records **experienced significant growth** following the investment from Kupanda Holdings. The label successfully launched artists like Rema and Ayra Starr, leveraging digital platforms even when major platforms like Spotify were not available in Africa.

Discovered in 2019, Rema quickly rose to international fame, with hits like "Dumebi" and collaborations with global artists. By 2023, Rema's hit song "Calm Down," remixed with Selena Gomez, became the first track by an African artist to reach 1 billion streams on Spotify. Mavin Records and its artists have received numerous awards, including BET Awards, MTV Africa Music Awards, and The Headies, solidifying their place in the music industry.

Source: Billboard, OkayAfrica

> *I've learned so much with [Kupanda] as partners. (...) I was just building artists and doing my thing really. The investors came in right on time because immediately after that then the entire Universal, Warner, Atlantic [major labels] flooded the market, and it would have been chaotic if I didn't have enough dollars."*
>
> \- Don Jazzy

Business Model and Strategy

Mavin Records' business model focuses on discovering and nurturing talent, leveraging digital platforms for distribution, and maintaining a collaborative and innovative culture. The label's strategy includes:

- **Digital-First Approach:** Transitioning to a digital-first business to increase global reach and revenue.
- **Talent Development:** Investing in an in-house academy to train all its artists for the digital age. The Company is also distinguished in the African market by the cadre of its corporate talent that has been nurtured by its C-suite and selected through the Mavin Future Five program.
- **Strategic Investments:** Utilizing capital efficiently to maximize returns and minimize holding periods.
- **Global Collaborations:** Partnering with international artists and leveraging global platforms to increase visibility.

Digitalization and Data analytics

Kupanda Capital's collaboration with Mavin Records brings an interesting layer of data-driven decision-making to the music industry. Leveraging their experience with Fraym, a data analytics company, Kupanda Capital has helped Mavin Records adopt a similar model adapted specifically for the music business. By **analyzing streaming data, social media interactions, and other digital footprints,** Mavin Records could gain **a deeper understanding of their audience's preferences and behaviors**. This data allows for precise market segmentation, enabling Mavin to tailor marketing campaigns to specific demographics, regions, and even individual listener profiles.

Data on trending genres, popular beats, and emerging musical styles can guide artists and producers in creating music that resonates with current and potential audiences, while insights on listener activity patterns help in deciding the best times to release new music, maximizing impact and engagement. Detailed analytics on an artist's performance across various platforms can also highlight strengths and areas for improvement. Understanding how and where fans engage with artists allows for more meaningful and targeted interaction, fostering stronger fan loyalty. By identifying the most lucrative platforms, regions, and fan segments, Mavin can optimize revenue streams, including decisions on touring locations, merchandise offerings, and partnership opportunities. **This data-driven approach ensured that Mavin's training and development programs were focused and effective.**

Financing and Exit

Mavin Records attracted significant investment from Kupanda Capital and TPG Growth, raising **more than $10 million in stages**. The strategic use of this capital focused on growth rather than immediate financial gain. Mavin's investment in digital tools and analytics yielded a roughly 60x growth in overall revenue over 5 years, with a roughly 100x growth in digital revenue. This hyper-growth strategy resulted in a healthy return for investors.

Indeed, in 2024 **Universal Music Group acquired a majority stake in Mavin Records, reportedly valuing the company between $150 million and $200 million**, and marking a substantial exit for TPG.

UNIVERSAL

UNIVERSAL MUSIC GROUP

3. Key challenges

Industry Competition

- The African music industry is highly competitive, with numerous labels vying for top talent and market share. Mavin Records must continually innovate to stay ahead.

Artist Retention

- Retaining top talent can be challenging, especially as artists grow and seek new opportunities. Managing artist expectations and career growth is crucial.

Operational Challenges

- Balancing domestic and global standards posed significant operational challenges.
- Decisions needed to consider varying industry standards and practices, requiring a nuanced approach to operations and strategy.

Know when to Deviate from the Traditional Music Rights Structures

- While Mavin seeks to tap into revenue from developed music markets, its artist agreements have meaningfully deviated from established US and UK contract structures with deep un-recoupable investments in its early talent coupled with conservative advance structures.
- This approach had proved successful in its artist development to date, but was in stark contrast to the traditional artist agreements present across Europe and the US.

Investor Expectations

- Aligning with investor expectations was another challenge.
- Potential investors and experts were often more focused on domestic models and media-related strategies, which sometimes conflicted with Mavin's vision of a digital-first, globally-oriented business.

4. Key drivers of success

Adaptability and Learning

Mavin Records' culture of adaptability and continuous learning has been a cornerstone of its success.

Artist Development and Management

Mavin Records has a keen eye for discovering raw talent. The label invests heavily in scouting promising artists. Once signed, artists undergo rigorous training to hone their musical and performance skills. This includes vocal coaching, songwriting workshops, and stage performance training.

Brand Building

Mavin Records focuses on creating strong personal brands for their artists. This involves strategic marketing, social media management, and public relations efforts.

High-Quality Production

Don Jazzy's reputation as a top-notch producer ensures that Mavin Records consistently releases high-quality music. In addition, never resting on his laurels, Don Jazzy had the foresight to invest time and expertise into building the next generation of the label's producers including: Andre Vibez, London and Loudaa. The label's in-house production capabilities allow for creative control and innovation.

Data analytics and technological integration

Kupanda Capital's application of their Fraym experience to Mavin Records exemplifies the transformative power of data analytics in the music industry. The label plans to leverage emerging technologies like AI and blockchain for music production, distribution, and rights management, ensuring they stay at the cutting edge of the industry.

Collaborations and Partnerships

Mavin artists frequently collaborate with both local and international artists, enhancing their exposure and appeal.

5. Conclusion

Mavin Records has established itself as **a powerhouse in the African music industry** through strategic artist development, high-quality production, and innovative marketing. Mavin Records aims to expand its footprint into new markets, including North America and Europe, to capitalize on the growing global interest in Afrobeats. **The integration of data analytics empowers Mavin Records to make informed strategic decisions, from signing new artists to launching marketing campaigns.** Leveraging data gives Mavin a competitive edge in a rapidly evolving industry, enabling them to stay ahead of trends and competitors. This model not only enhances Mavin's operational efficiency and strategic decision-making but also positions the label as a forward-thinking leader in the industry. Beyond music, Mavin Records is exploring diversification into areas such as film, fashion, and lifestyle, creating a holistic entertainment brand.

5.9. Mdundo

1. Introduction

Mdundo, **a music service platform founded in Kenya** in 2012 by Martin Nielsen and his partners, emerged with a vision to provide Africa with easy, legal, and affordable access to music. Over the years, Mdundo has evolved into a prominent platform with **over 36 million monthly active users and more than 150,000 artists**, revolutionizing the African music scene and empowering local talent through innovative business models and strategic partnerships.

2. Company History and Evolution

Early days

Mdundo started off as an internal idea of the investment fund that Martin Nielsen joined when he moved to Kenya in 2012. The fund, 88mph, had a number of investors interested in the growth of mobile tech across Africa. The focus of the fund was to look at locally relevant content based on the **thesis that there was a dearth of content being published across Africa** per viewer compared to the Western world.

By investing in businesses that were creating locally relevant content, the thesis was that the companies would be able to attract big audiences interested in this content, which could then be monetized. At its first investor pitch in 2012, Mdundo had only a few thousand registered users and about 20 artists signed up on its Minimum Viable Product (MVP). The money raised at this demo day and subsequent pitch events, in addition to a few big sales, was the fuel for Mdundo's subsequent growth.

> *"We were seeing how streaming services were changing the music industry globally by offering an attractive alternative to pirating sites. We saw the same opportunity in Africa, but the solution would have to be significantly different to fit the mass market in Africa due to different consumer behaviors and needs.."*
>
> \- Martin Nielsen

Product Development

At inception, the African music scene was plagued by illegal downloads, and artists depended on revenue from ring-back tunes from the TelCos, and even then, got a very small percentage of the total revenue from customers. Mdundo's first business model in 2013 was built on scratch card sales, where users got the pin from the cards and then entered it on the platform's website to download about 5 songs for free. While this was a huge marketing success, it was not very commercially viable. This is because the artists, who the platform assumed would be incentivized to sell the scratch cards and based its distribution strategy on, gave away most of the tickets for free, and the company lost potential upselling opportunities as the users did not have the paying profile it wanted to attract.

However, in 2015, the traction the company got from brands, including Airtel and Microsoft, who wanted to advertise on the platform during its scratch card phase, motivated it to **switch its model to a free music download service, with full focus on selling ad spaces.** This was the company's model until 2020 when it switched back to integrating a paid model with its free music downloads through playlists.

Competition and Positioning

The competitive landscape of music streaming in Africa is dynamic and rapidly evolving, characterized by both global giants and local players vying for market share. Although most of those did not exist when Mdundo launched in 2012, key players now include global giants such as Spotify, Apple Music, and YouTube Music, as well as regional players like Boomplay and Audiomack.

Key characteristics of the African music streaming landscape are **content localization, affordability of pricing models, mobile-first solutions, integration of local payment solutions, and partnerships with telecom operators.** Amidst competition from global music service providers, Mdundo positioned itself uniquely by addressing the d**earth of legal and accessible African music downloads**. By tailoring its platform to cater to local consumer preferences and forging partnerships with TelCos, Mdundo established a competitive edge in the market.

Revenue Model

Between 2015 and 2020, the company ventured into **streaming services but quickly realized that the customer profile of the mass market in Africa leaned towards music downloads**. After listing on the stock exchange in 2020, Mdundo pursued its paid service strategy through partnerships with TelCos. Through these partnerships, customers are able to use their **airtime to gain access to downloading well-curated playlists**. This channel has proved successful and now contributes 50% of the company's total revenue, with the other half coming from advertising revenues.

Financing and IPO

Mdundo secured approximately **$1.5 million from angel rounds**. In 2020, following the advice of some of its existing investors, Mdundo decided to **pursue an IPO on the Danish stock exchange, Nasdaq First North Growth Markets in Copenhagen**. This innovative strategy proved successful for the company. Indeed, listing on a smaller stock exchange, such as the Danish Stock Exchange, offered Mdundo numerous strategic advantages. Listing on a recognized stock exchange, even a smaller one, significantly boosts a startup's credibility. It signals to the market that the company adheres to international standards of transparency and governance. It also provided the company with a valuable avenue for raising capital that was not otherwise readily available to its existing investors, as well as providing liquidity.

The listing event garnered $6.4 million in invested capital, empowering Mdundo to fuel its expansion initiatives and strategic partnerships. Mdundo also now can benefit from a more stable and supportive shareholder base, which is advantageous for long-term strategic planning and resilience against market fluctuations. Being listed on an international exchange can set Mdundo apart from competitors who are not listed. This differentiation can be leveraged in marketing and public relations efforts, helping to attract more users, artists, and business partners by showcasing their commitment to transparency and growth.

Performance

Despite the sharp fall of currencies across its operating countries, which impacted expected revenue, Mdundo's performance metrics are strong, with over **36 million monthly active users, 156,000 artists, and 50% of its earnings (expected at $1.71 to 1.99 million for the fiscal year ending in June 2024) stemming from TelCo partnerships.** The company expected to pay out between $1.2 million and $1.5 million to distributors and artists in the 2023-2024 period. Finally, Mdundo is committed to achieving positive EBITDA by 2025.

"I'm confident that in the future 15-20% of all music on the global charts will be by African artists. The music industry is going through a massive democratization. (...) It is extremely exciting to see that as music services are capturing global audiences, (...) the movement is funding local ecosystems and enforcing the growth of local music further."

- Martin Nielsen

3. Key challenges

Nascent Ecosystem Development

- Mdundo operates within an evolving ecosystem characterized by challenges such as limited market data and access to affordable internet. Overcoming these obstacles requires innovative solutions to drive sustained growth and market penetration.
- In Mdundo's case, it meant building for downloads and not streaming, developing an ad-supported business model, working in partnership with Telcos, and other market-driven innovations such as its playlist product.

Understanding the Behaviors of the Local Customer

- Mdundo must continuously adapt to the diverse and evolving preferences of its user base across different African countries.

Identifying the Right Revenue Model

- Balancing between user acquisition, engagement, and monetization remains a critical challenge, especially in markets with varying levels of disposable income and digital maturity.
- Monetizing music streaming effectively is challenging due to lower disposable incomes and the prevalence of free music access through other means.

4. Key drivers of success

Talent and People

Mdundo's team of skilled professionals and industry experts played a pivotal role in driving innovation, fostering partnerships, and executing strategic initiatives crucial to the company's growth.

Understanding the Local Market

Mdundo is building a solution for the African mass market. Mdundo's ecosystem-driven business model and focus on creating locally relevant content enabled the company to resonate with African audiences and establish a strong market presence.

Long-Term Vision

By balancing short-term objectives with a forward-looking vision, Mdundo positioned itself for continued growth and profitability, adapting to dynamic market landscapes and emerging trends.

5. Conclusion

Mdundo's journey provides **key insights into the challenging world of music streaming in Africa**. By understanding its audience, addressing critical market gaps, adapting to changing industry trends, and leveraging key partnerships with brands and telcos, Mdundo has managed to survive in a highly competitive landscape. Its introduction on the Danish stock exchange provided the fledgling startup with the lifeline necessary to continue to grow.

5.10. ROK Studios

1. Introduction

ROK Studios, a flagship subsidiary of IrokoTV, has emerged as **one of Nigeria's largest and most prolific production houses**, significantly contributing to the Nollywood film industry. Founded by Mary Njoku in 2013, ROK Studios has reshaped the landscape of African content production and distribution, producing over 540 movies and 25 TV series since inception. **In 2019, ROK Studios was acquired by French Pay TV operator Canal+**.

2. Company History and Evolution

Early days

Founded in 2011 by Jason Njoku and Bastian Gotter as one of Africa's very first video-on-demand services, IrokoTV quickly became the leading platform for Nollywood content, providing access to some 5,000 Nollywood films to its local and diaspora audience. Iroko initially worked with Nollywood's leading production houses to purchase the exclusive online licenses to their films. However, after a price war with pay TV operator MultiChoice led to the skyrocketing of license fees, **it became clear that Iroko needed to find a more sustainable solution to secure a stable pipeline of fresh content.**

Nollywood actress and producer (and wife of Jason Njoku) Mary Njoku, who was then working as Chief Content Officer for Iroko TV, founded ROK Studios in 2013. Her vision was to **produce quality but affordable film and series in-house to address the shortage of Nollywood content, while establishing a competitive edge for IrokoTV.**

The growth of Nollywood

Over the past two decades, Nigeria's film industry, commonly referred to as Nollywood, has experienced exponential growth, transforming from a grassroots movement into **a globally recognized powerhouse within the film industry.** This evolution has been fueled by technological advancements, including the rise of digital filmmaking and internet distribution, which have lowered production costs and expanded reach.

Nollywood has also benefited from an **increasingly supportive regulatory environment and strategic investments, both local and international** (Canal+, Netflix). The industry's success is evident in the proliferation of high-quality productions that have garnered international acclaim, streaming deals with platforms like Netflix, and a burgeoning domestic market that avidly consumes Nollywood content.

Factory Model

A crucial element of ROK Studios' success has been **its adoption of a "factory model" for content production.** This approach emphasizes systematic, efficient, and high-volume production processes, allowing ROK Studios to produce a large quantity of high-quality Nollywood content swiftly and consistently.

By working with a number of producers in parallel, streamlining production with state-of-the-art equipment, standardized processes, and a stable budgeting framework, **ROK Studios has been able to maintain a high output, producing over 540 movies and 25 TV series since inception**, while ensuring resonance with its target audience. ROK Studios' focus on contemporary, relatable stories and its commitment to nurturing new talent have solidified its standing as a dynamic and influential entity within Nollywood.

> *ROK Studios works with a number of different producers and writers, developing long-term working relationships with many of them. In addition, the company likes to source young and up-and-coming talent, so it invests in promising first-time projects from time to time."*
>
> \- Jason Njoku

> *In Nollywood, the best way to create relevance is to create opportunities, not only for yourself but for others, and to be consistent while doing this. This was the whole reason for creating ROK Studios. Our talent pool is filled with young people who are not only passionate about acting, producing, and so on but are also hard working and ready to change the world through their craft."*
>
> \- Mary Njoku

Launch of linear channels

ROK Studios' main activity is content production. However, **recognizing the potential for broader distribution, the company diversified its offerings, creating linear channels** ROK, ROK2 and ROK3, broadcast across Africa on MultiChoice's pay TV platforms DSTV and GOTV, as well as ROK on SKY for the UK market. Through these channels, ROK content reaches over 13.5 million subscribers in Africa and 12.6 million in the UK. This strategic pivot allowed ROK Studios to s**cale its content across various platforms and languages**, attracting a diverse audience base and multiple revenue streams.

Revenue Model

While ROK Studio was initially set up to produce exclusively for IrokoTV and its own channels, the company soon realized t**he commercial potential that lay into selling its content to others**. ROK Studios eventually signed a number of large upfront content sales deals with various broadcasters such as MultiChoice (its former competitor), Zuku, Canal+ or StarTimes, ensuring a steady cash flow. B**y amassing a vast content library and selling specified amounts over defined periods, ROK Studios secured a reliable revenue stream.** This model was instrumental in maintaining consistent production quality and output, contributing to the studio's financial stability and growth.

Funding

The establishment and growth of ROK Studios were bolstered by significant financial investments. In total, **parent company IrokoTV raised about $40 million in Venture Capital**, mostly from leading firms Tiger Global and Kinnevik. Canal+, interested in the burgeoning African streaming market, also invested $10 million in a content deal and a further $7 million directly into ROK Studios. This partnership also included buying out some early Iroko shareholders for $3.5 million.

Acquisition by Canal+ Group

In 2019, ROK Studios' long-time relationship with Canal+ eventually culminated in its **acquisition by the pay TV giant for a substantial amount**. This acquisition, still today one of the largest in the African Creative Industries, marked an important milestone, enabling ROK Studios to expand its audience reach and production capabilities. On Canal+'s side, the deal was motivated by its interest in expanding its Africa operations and the strategic value of ROK's content production capacity. Post-acquisition, Mary Njoku retained a **significant minority share**, ensuring her continued influence and leadership within the company. Today, she continues to lead the production arm, while some channel businesses transitioned to THEMA, another Canal+ subsidiary.

"We [had] been working with Canal+ for about 5 years in various production and distribution capacities, so when they wanted to create more Nollywood content across their platforms in French-speaking Africa and other global platforms, it was a no-brainer. It's a win-win for us at ROK, because we now have Canal+ as a strategic and financial partner in order to reach our true potential and scale."

- Mary Njoku

3. Key challenges

Competition with other content producers

- In Nollywood's highly competitive environment, ROK Studio was able to build a niche for itself thanks to two strategies: first, partnering with and empowering independent producers by offering a good and consistent working environment
- and second, establishing a high-output factory model which enabled the studio to sign large distribution deals and secure stable revenue.

Compliance and Technical Hurdles

- One of the primary challenges faced by ROK Studios was compliance with international broadcasting standards to run its linear channels. Building a London-based team became essential to manage technical aspects like programming and scheduling content.
- Reliable internet connectivity, critical for these operations, also posed a significant challenge.

Piracy

- Piracy remains a pervasive issue in the Nollywood industry, undermining revenue potential and affecting the profitability of content producers like ROK Studios. Combating piracy requires robust legal frameworks and technological solutions such as software that prevents digital copying, which are still evolving.

4. Key drivers of success

Authentic Content Production

ROK Studios has consistently produced locally relevant movies and shows that resonate with its target audience. This commitment to authenticity, supported by a stable budgeting approach, has been a cornerstone of its success.

Factory Model

ROK Studio established a "factory model" to produce Nollywood content at scale. This model emphasizes systematic, efficient, and high-volume production processes akin to a manufacturing assembly line.

Strategy Timing and Market Entry

The inception of ROK Studios coincided with a burgeoning demand for Nollywood content, both locally and internationally. This strategic timing allowed ROK to capture a significant market share and establish itself as a leading content producer.

Industry Knowledge and Networking:

Mary Njoku's deep understanding of the Nollywood industry, her solid relationships with actors, writers and producers, combined with her insights into production requirements, has been pivotal. Participation in global industry events like the MIPTV and MIPCOM content markets has also helped ROK Studios expand its network, forge strategic partnerships, and enhance its market reach.

5. Conclusion

From its humble beginnings under the IrokoTV umbrella to becoming Nigeria's largest production house, ROK Studios has navigated numerous challenges and leveraged key opportunities to solidify its market position until its acquisition by Canal+. Despite facing significant challenges such as piracy, funding limitations, and distribution hurdles, **ROK Studios managed to produce culturally resonant content while maintaining a stable revenue model and strategic partnerships.** Mary Njoku’s leadership and industry insights have been instrumental in steering ROK Studios through its various phases of growth.

5.11. Triggerfish Studios

1. Introduction

Triggerfish Animation Studio, founded in 1996 in South Africa, initially specialized in stop-motion animated commercials. Over the years and under the management of its five new co-founders, Triggerfish underwent significant transformations and pivots, ultimately **emerging as the leading animation studio in Africa**. Drawing from its rich South African heritage and its ability to collaborate with animators from across the continent, Triggerfish offers a distinctive perspective on global animation, producing visually captivating and culturally significant content. The company's expertise in storytelling and high-quality execution has convinced the world's largest buyers, such as Disney, Netflix, and the BBC.

2. Company History and Evolution

Early days

Founded in 1996 by Jacquie Trowell and Emma Kaye as **a stop-motion studio with a distinctively South African production aesthetic**, Triggerfish gained initial recognition producing widely known commercials. From 1998 to 2008, Triggerfish produced 'Takalani Sesame', the South African version of 'Sesame Street'.

Between 2004 and 2007, Stuart Forrest (CEO), James Middleton (business development director), Anthony Silverston (creative director), Mike Buckland (head of production) and Jean-Michel Koenig (CFO) joined Triggerfish and became partners, while the original founders left the company. At the same time, the company moved away from stop-frame animation, a technique that had become limiting, and **relaunched as a computer animation studio**. Advancements in technology and the increasing popularity of CG animation in the entertainment industry provided Triggerfish with the opportunity to expand its offerings and reach a broader audience.

Transition to Feature Films

Under the new ownership, Triggerfish embarked on producing its first full-length feature film, "Adventures in Zambezia" (2012), soon followed by the release of its second feature film "Khumba" (2013). **Both films were distributed in theatres worldwide and were met with critical acclaim and financial success.** "Zambezia", produced for $5.6 million, made $35 million at the box office.

The fact that Triggerfish managed to finance two feature films back-to-back was a fluke, a stroke of luck only made possible by the alignment of key elements such as creative and technical talent, access to South African development and production funding, and a very effective international sales agent (Hollywood-based Cinema Management Group), which was also instrumental in getting star voice cast on board, including Samuel L. Jackson. But the two back-to-back hits demonstrated **Triggerfish's ability to create commercially successful animated content for a global audience, and established the studio's reputation as a major player in the animation industry.**

Positioning in the global animation industry

In the global animation industry, Triggerfish competes with established players from countries like the United States, Japan, and South Korea. Triggerfish's success in navigating this competitive landscape is a testament to **its creative ingenuity, enabling the studio to create authentic and culturally-significant content that stands out in a crowded market, but also to its ability to leverage the South African ecosystem.** Indeed, the company benefited from early support from South Africa's National Film & Video Foundation (NFVF), the Industrial Development Corporation (IDC), and the South African Department of Trade & Industry (DTI).

These partnerships not only provided essential funding for the studio's projects but also offered access to industry expertise, resources, and networks. Triggerfish also capitalized on **South Africa's growing reputation as a global hub for cost-efficient filmmaking and animation production.** In fact, the cost of producing 3D animation in South Africa is half the cost of producing it in Hollywood. Aside from the initial public funding it received, Triggerfish never raised external financing and remains self-funded to this day.

> *We are one of the leading studios in Africa. So that's an advantage for us. If we were not in Africa, we'd be just another studio among many hundreds."*
> - Jean-Michel Koenig

> *For me, the challenge has always been, as an African company, to develop a studio that can bring underrepresented voices to the world. And I think the world is asking for that more and more. I wouldn't want to be based in Hollywood."*
> - Stuart Forrest

One year without work

After the success of its first two feature films, Triggerfish hit an unexpected speed bump. While the team had been focused on releasing "Zambezia" and "Khumba" in record speed, it had neglected to plan for what would happen next: Triggerfish suddenly found itself without work. The founders had to let most of their team go - the company went from 120 to just 6 people - and borrowed money to keep the lights on.

This situation led to two major decisions that set Triggerfish up for its next chapter. First, the founders realized that **they needed to build a development pipeline**. With funding from the DTI and from Disney, Triggerfish launched a pan African incubator program, which eventually gave birth to a second generation of hit projects. Second, **the company was forced to expand into production service work on television projects**, leading them to collaborate with some of the world's biggest platforms and brands.

Capacity building and Talent incubation

In 2015, Triggerfish and Disney announced the Triggerfish Story Lab, an incubation program that aimed to develop writers and directors from across the African continent. The initiative received more than 1,400 entries from about 30 countries in Africa. **Out of the 10 projects chosen by Triggerfish emerged "Supa Team 4" (initially called "Mama K's Team 4"), the first Netflix Original animation series from Africa, as well as "Kiya and the Kimoja Heroes", picked up by Disney Junior and Hasbro.** By engaging with local talent and fostering creativity within the African animation community, Triggerfish not only expanded its creative pipeline but also contributed to the development of diverse and culturally resonant content.

Investing in and nurturing local talent and fostering collaborations with industry experts became integral to Triggerfish's evolution. **In 2019, the studio launched its online academy to start addressing issues of capacity in the African animation space.** Since then, the academy has enrolled 6,530 learners over 8 courses. The studio's role in organizing and fostering a creative ecosystem within South Africa and the continent as a whole contributed to its growth and success. However, despite these ongoing efforts, production capacity in Africa remains limited, and **Triggerfish does have to outsource some work to other studios in Europe and elsewhere when working on large projects.** Its own core internal team remains lean, with 29 permanent staff and 11 contractors (40 in total).

> "*The talent was there and I think what Triggerfish did was become like a coach and say, hey guys, let's play football. Here are the teams and let's organize."*
>
> - Jean-Michel Koenig

Transition to Production Service Work

The decision to take on production service work for other studios was, first and foremost, a financial one. Starting from 2015, Triggerfish produced a series of BBC television specials for Magic Light Pictures, including "Stick Man", "Revolting Rhymes" and "The Snail and the Whale". **But these projects did more than "pay the bills": they allowed Triggerfish to continue to build internal capacity and processes, and showcased its versatility and storytelling prowess across different formats and genres.** They also won the studio a host of prestigious international animation awards, including some BAFTAS, some Annies, an international Emmy award and an Oscar nomination.

> "*If it's all commercial, your talent will leave you. If it's all creative, you will get out of business. We always want to ensure that there's enough creativity in every project to attract the best people — whether it's our own work or commissioned work. The Magic Light specials were perfect for this."*
>
> - Jean-Michel Koenig

Recent Successes

The release of Triggerfish's third feature film, **"Seal Team" in 2021** marked another milestone in the studio's journey. Completed during the pandemic, it was not released in cinemas like Triggerfish's previous films. Instead, it was **acquired by Netflix** for a substantial amount, illustrating the dramatic changes that had transformed the wider content distribution industry in the span of 10 years. The year 2023 saw Triggerfish's coming of age, with the release of the award-winning "**Aau's Song", part of the "Star Wars Visions: Volume 2" anthology, and "Kizazi Moto: Generation Fire",** a groundbreaking 10-part sci-fi anthology series for Disney+. "Kizazi Moto" brought together a slate of rising animation talents from six African countries, under the leadership of the Triggerfish team and of Oscar-winning director Peter Ramsey ("Spider-Man: Into the Spider-Verse") as executive producer.

"The next step in the evolution of African storytelling is a real awareness of where our storytelling fits in the world stage in terms of what can be sold on an international level – that's what we're hoping to achieve."

- Stuart Forrest

Revenue model and Financial Performance

With the collapse of the cinema-release model and the move to service work, **Triggerfish now primarily generates revenue through commissions** on Intellectual Property (IP) that it doesn't own. This model has **allowed Triggerfish to reach an impressive total production value (including outsourced work and third-party studio work) of over $80M by 2023.** The company has also been EBITDA positive since 2010, with an average CAGR in production value of 53% between 2018 and 2023. However, this also illustrates a **reliance on external project work**. Triggerfish now seeks to raise debt and equity financing in order to be able to develop and fully control its own IP, which would allow the company to exploit its content along various revenue streams (content sales, gaming adaptations, licensing, merchandising, etc).

3. Key challenges

Identifying the right revenue model

- Triggerfish pivoted from advertising to feature films to service work, in search of financial stability and growth.
- Ultimately for the studio, the solution lies in the balance between commercial and creative work.

Local Capacity and Talent Drain

- The limited talent pool and emigration of skilled professionals pose challenges to Triggerfish's expansion and production capacity.
- Addressing this issue requires investment in talent development and retention strategies to sustain the growth of the African animation industry.

IP ownership

- Production work for established streaming platforms and other buyers may offer distribution opportunities and financial stability, but do compromise Triggerfish's ability to develop and control its own IP.
- Raising independent financing is crucial for the studio's long-term success.

Impact of Technological Advancements

- The rapid advancements in technology, particularly in generative AI, present both opportunities and threats to Triggerfish's operations.
- Embracing technological innovation to lower costs and improve the quality of the output, while safeguarding the artistic integrity of their productions, will be essential for staying competitive in the evolving animation landscape.

4. Key drivers of success

Solid positioning - producing diverse kids animation for the world

Children animation is one of the most resilient and best performing film segments. It travels well thanks to easy dubbing in all languages, which means wide distribution. The availability of high-quality diverse and culturally authentic family entertainment also remains limited and in high demand.

Talent Development

Triggerfish's focus on nurturing and upskilling local talent, and engaging with the African animation community, contributed to its creative pipeline and the development of culturally resonant content.

Collaborative approach

Triggerfish’s five partners have demonstrated their ability to get behind viable projects as a team, as well as to coalesce other talents and experts around them to produce the highest quality of content possible.

Ability to pivot to new technologies/new formats

Triggerfish’s demonstrated ability to pivot between different technologies, formats and genres will help the company navigate future disruptions.

Early support from South African film institutions

Being based in South Africa, where public funding for film does exist, was a key factor in Triggerfish’s early success. More recently, Triggerfish opened an office in Ireland, in order to be able to access similar production support from Europe.

Solid financial management

Over the years, Triggerfish's ability to secure funding through a mix of presales and subsidies, coupled with its production service revenue model, contributed to its financial stability and growth.

5. Conclusion

Triggerfish Animation Studios’ **28-year trajectory to success is a testament to its resilience, adaptability, and creative vision.** By embracing technological advancements, forming strategic partnerships, and fostering local talent, Triggerfish has carved a unique niche for itself in the global animation industry while significantly contributing to the growth of Africa's creative economy. As Triggerfish navigates the complexities of content financing and the rapid transformation of the industry, strategic decision-making will be pivotal in sustaining growth and fostering innovation.

5.12.Vivo Fashion Group

1. Introduction

Founded by Wandia Gichuru and Anne Marie Burugu in 2011, **Vivo is Kenya's largest women's fashion brand.** With its commitment to designing and manufacturing 100% of its production on the African continent, Vivo has established itself as a cornerstone of Kenya's fashion industry. The company is focused on designing and producing affordable, widely accessible and good quality clothing, specifically for women of colour and curvaceous women. Vivo's vision is "to see Africa dress herself, and the world."

2. Company History and Evolution

Early days

Vivo was founded in 2011 by Wandia Gichuru and Anne Marie Burugu, who recognized **a significant gap in the Kenyan market for stylish, affordable, and locally-produced clothing**. Gichuru was born in Canada from a Kenyan father and a Canadian mother. Before founding Vivo, she worked in the corporate and development world for twenty years. Initially focusing on women's activewear, Vivo tapped into the growing fitness and wellness trend among Kenyan women. Gichuru and Burugu's first intention was to offer products around fitness and dance. The two co-founders started looking for suppliers and started distributing flyers to schools and dance classes where people needed the gear. The market responded, and people wanted to try on the clothes. Therefore, Gichuru's home became her first office.

Gichuru later learnt about an open space at a prominent mall in Nairobi. Together with a partner, she invested $100,000 and set up Vivo. The business targets professional women in their mid-twenties to late forties, as well as the "young at heart". The clothes were initially sourced from South Africa, the UK and Asia, but **in 2013, Vivo started designing and manufacturing its own clothing.** This resulted in freedom in design, and the ability to tailor-made the clothes to the sizes and colours that would fit the market. It also allowed for a much faster speed to market. The brand quickly gained popularity due to its commitment to quality, affordability, and unique designs that resonated with local tastes.

> *"We started doing salsa and hip hop, and because we were serious, we started looking for proper gear. That's when we realized if we were looking for this, so maybe other people are looking for this"*
>
> \- Wandia Gichuru

Competition and Market Positioning

In its formative years, Vivo faced intense competition mostly from international brands and imported products. However, Vivo differentiated itself through a deep understanding of the local market and consumer preferences. The brand's ability to blend functionality with fashion gave it a distinct edge. Vivo's market positioning as a **provider of practical yet stylish clothing allowed it to carve out a unique niche** in the competitive fashion landscape. This positioning was further reinforced by strategic marketing efforts that highlighted the brand's local roots and commitment to empowering Kenyan women.

Strategic developments

As the fashion landscape evolved, Vivo made several strategic pivots to stay ahead of market trends. Recognizing the need to diversify, the company very quickly **expanded its product line beyond activewear to include casual and formal wear**. This strategic shift enabled Vivo to attract a broader customer base and address a wider range of fashion needs. Additionally, **Vivo fully embraced e-commerce in 2020 through launching its own online marketplace Shop Zetu**, understanding the growing importance of digital channels in reaching consumers.

The launch of an online platform allowed Vivo to extend its reach beyond physical store locations, catering to customers across Kenya and beyond. In 2021, **Vivo Group introduced two new brands – Zoya and Safari.** The Zoya brand targets a GenZ consumer and offers loungewear, athleisure, fitness wear and streetwear products. Safari is an affordable premium brand, offering a modern take on the traditional Safari aesthetic. Both Zoya and Safari offer men's products as well as women's.

> *Right now we do 95% clothing. There is no reason why we could not expand our accessories to include shoes, bags, belts, jewellery [and] hats. We have the potential to become a lifestyle brand"*
>
> - Wandia Gichuru

Geographical Expansion

Vivo's growth trajectory has been marked by strategic expansion and innovation. The brand expanded its physical presence **with 27 stores across Kenya, Rwanda, Uganda and the USA,** strategically located in major shopping malls to maximize visibility and accessibility.

Each store is designed to offer a unique and engaging shopping experience, enhancing the brand's appeal. Vivo has also invested significantly in its online platform Shop Zetu, optimizing it to provide a seamless shopping experience. Today **Vivo Fashion Group employs some 450 staff, 70% of whom are women.**

> *The only difference between the ones that succeed and the ones that don't is simply having staying power."*
>
> - Wandia Gichuru

Production capacity

One of the most notable successes of Vivo has been its **ability to build sustainable production capacity** in Kenya. The company's growth has been underpinned by a **robust supply chain, strategic partnerships with local manufacturers, and a dedicated team focused on operational excellence**. This local production not only supports the economy but also ensures quality control and faster turnaround times for new collections. By leveraging local manufacturing, Vivo was able to maintain cost-effective production while ensuring quality and authenticity in its products.

Funding

Vivo has secured **relatively limited funding to date, including less than $1M in equity investments.** These financial resources enabled the company to scale its operations, invest in technology to launch its e-commerce site, and enhance its marketing efforts. The funding also facilitated the opening of new stores and the expansion of its product line. Notably, Vivo attracted investment from high-net-worth individuals who were drawn by the brand's potential and its commitment to social impact.

Revenue Model

Vivo's revenue model is primarily based on d**irect-to-consumer sales through its retail stores and online platform.** The company also leverages seasonal sales, promotions, and influencer collaborations to drive revenue. Vivo's ability to maintain a strong brand presence and customer loyalty has been instrumental in sustaining its sales growth. The brand's **pricing strategy, which balances affordability with quality**, has also played a crucial role in attracting and retaining customers. Additionally, Vivo has explored wholesale partnerships, supplying products to other retailers and expanding its market reach. **The company generated $6.5 million in revenue in 2023 and is on track to reach $9 million in 2024.**

Recent Achievements

In recent years, Vivo has achieved significant milestones that underscore its position as a leading fashion brand in Kenya. The company has **collaborated with renowned designers and influencers**, further elevating its brand image and expanding its reach. These collaborations have resulted in exclusive collections that have been well-received by customers. Vivo has also been recognized with several industry awards for its contribution to the fashion sector, including accolades for design innovation, customer service, and sustainability initiatives. In May 2024, **the launch of Vivo's 27th store in Atlanta, USA**, was attended by Kenyan President, William Ruto.

> *The affordable fashion industry is controlled by the big brands, the Zaras, H&Ms and Mangos, who do not cater specifically to women of colour. I think globally, if the price is right and our product unique, we could appeal to the black community living across the world. I think there is an opportunity there, but we need to up our game and get our [locally manufactured] clothing to an international standard."*
>
> - Wandia Gichuru

3. Key challenges

Supply chain and economic issues

- Supply chain disruptions, particularly during the COVID-19 pandemic, posed significant hurdles, affecting production and distribution.
- The pandemic also led to economic uncertainties, impacting consumer spending and forcing the brand to adapt quickly to changing market conditions.

Competition

- The fashion industry is highly competitive and rapidly evolving, requiring continuous innovation and adaptation.

Managing scale

- Vivo has had to navigate the complexities of scaling its operations while maintaining the quality and authenticity that define its brand.
- Balancing growth with sustainability and ethical practices has also been a challenging endeavour.

4. Key drivers of success

Market Understanding

Vivo's deep understanding of the local market and consumer preferences has been a cornerstone of its success. The brand's ability to create designs that resonate with its target audience has set it apart from competitors. Vivo's commitment to continuous market research ensures that it stays abreast of trends and consumer needs, enabling it to adapt quickly and effectively.

Quality and Affordability

By maintaining a balance between quality and affordability, Vivo has built a loyal customer base. The brand's commitment to high-quality materials and craftsmanship, combined with accessible pricing, has enhanced its reputation and customer retention. Vivo's focus on delivering value has been a key differentiator in the market.

Successful Artist Portfolio and Brand Recognition

Vivo's strategic expansion into new product lines and geographical areas has fueled its growth. The company's investment in e-commerce has been pivotal in reaching a wider audience, particularly during the COVID-19 pandemic when online shopping surged. Vivo's ability to scale its operations and adapt to market demands has been instrumental in its success.

Brand Collaborations

Collaborations with designers, influencers, and celebrities have significantly boosted Vivo's visibility and appeal. These partnerships have resulted in exclusive collections that attract new customers and keep the brand fresh and relevant. Collaborations also provide opportunities for cross-promotion, expanding Vivo's reach and influence.

Sustainability and Ethical Practices

Vivo's focus on sustainability and ethical fashion practices has resonated with environmentally-conscious consumers. The brand's commitment to responsible sourcing and fair labor practices has enhanced its image and attracted a loyal customer base. Vivo's sustainability initiatives also align with global trends, positioning the brand as a forward-thinking leader in the industry.

Community Engagement and Social Impact

Vivo's engagement with the community, through its commitment to creating high quality local employment, has strengthened its brand loyalty. The company's efforts to empower women, support local brands and fashion entrepreneurs, and contribute to social causes have endeared it to customers who value brands with a purpose. Vivo's social impact initiatives have also generated positive publicity and enhanced its reputation.

Innovative Marketing

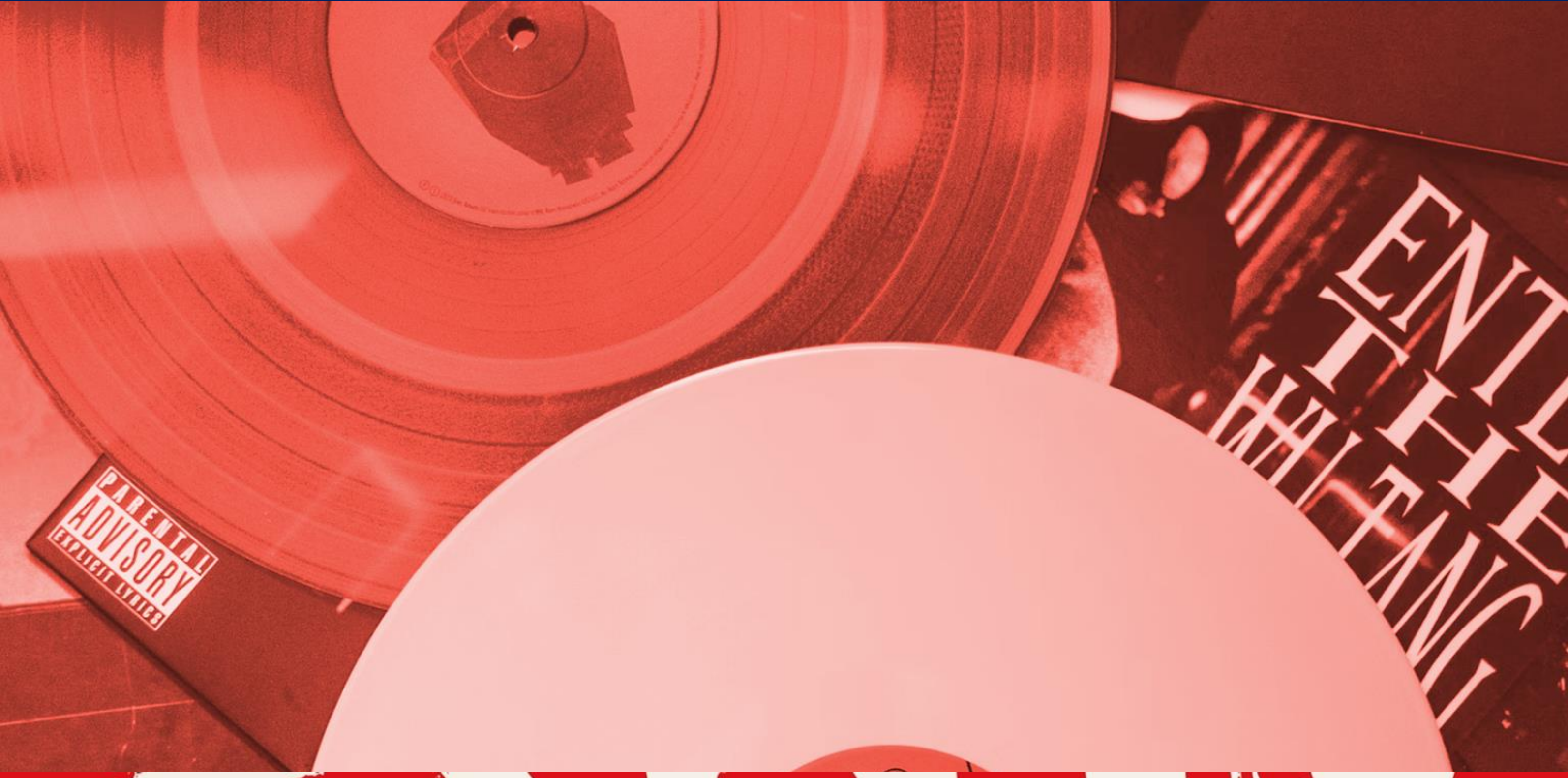
Vivo's innovative marketing strategies, including social media campaigns, and influencer partnerships have played a crucial role in building brand awareness and driving sales. The brand's ability to create engaging and relatable content has helped it connect with a diverse audience.

5. Conclusion

Vivo has successfully navigated the competitive landscape through innovation, quality, and customer-centric approaches. Despite facing challenges such as supply chain disruptions and economic fluctuations, Vivo has continued to grow and thrive. **The brand's focus on affordability, sustainability, community engagement, and strategic expansion** has positioned it well for future success.

06

Other Emerging Markets Success Stories



6. Other Emerging Markets Success Stories

S/N	Company	Sub-sector	Country of origin	Selection rationale	Funds raised	Annual revenue	No. of employees
1	**Abraham & Thakore**	Fashion label	India	Acquisition	$826K	N/A	201-500
2	**A Fábrica**	Content production	Brazil	Acquisition	N/A	N/A	51-200
3	**Grow Commerce**	Brand aggregator / ecommerce	Indonesia	Profitable / leader	$6.5M	$20M	201-500
4	**Kama Ayurveda**	Beauty & wellness	India	Acquisition	$21.9M	$1.4M	201-500
5	**Loto del Sur**	Beauty & wellness	Colombia	Acquisition	N/A	$4.7M	51-200
6	**Megastar**	Cinema chain	Vietnam	Acquisition	$73.6M	N/A	201-500
7	**Modanisa**	Fashion ecommerce	Turkey	Profitable / leader	$45M	$61.8M	501-1000
8	**Opio***	Fashion Label	Egypt	Acquisition	$300K	N/A	11-50
9	**Pocket Aces**	Social media content production	India	Acquisition	$20M	N/A	51-200
10	**VNG Corporation**	Digital content and games	Vietnam	Profitable / leader	$955,400	$1B	1001-5000

* Although Opio is Egyptian, and thus technically an African company, its growth and acquisition speaks to the special relationship between Egypt, UAE and Saudi Arabia. Future expansion of the company will also take place in the MENA region vs Sub-Saharan Africa. For these reasons, this case study is included in the Other Emerging Markets - rather than Africa - section.

6.1. Abraham & Thakore

1. Introduction

Abraham & Thakore, founded in 1992 by David Abraham and Rakesh Thakore, is **a renowned fashion label based in India.** With a vision to celebrate India's rich textile heritage while embracing contemporary design sensibilities, Abraham & Thakore offers a range of clothing and accessories that blend traditional craftsmanship with modern aesthetics.

2. Company History and Evolution

Early days

Co-founder David Abraham, a British national, graduated from the prestigious Central Saint Martins College of Art and Design in London. With a keen interest in Indian textiles and craftsmanship, **Abraham moved to India in the late 1980s to explore the rich heritage of Indian handloom traditions.** His passion for reviving traditional textile techniques and his commitment to sustainable fashion practices have been instrumental in shaping the ethos of Abraham & Thakore.

Positioning in the global fashion industry

When Abraham & Thakore entered the Indian fashion scene, the market was dominated by Western-inspired trends and mass-produced garments. The challenge for the brand was **to carve out a niche for itself by championing Indian textiles, craftsmanship, and design aesthetics in an industry increasingly influenced by global fashion trends** and in a sector going for speed over quality and provenance.

Thakore's design philosophy is deeply rooted in celebrating the intricacies of Indian textiles, patterns, and motifs. Together they design and sell clothing and homewares for both men and women that includes kurta, tops, pants, jackets and suits among other products. And Kevin Nigli, their Director of Sales and founding member, sells its products through upmarket global stores including Liberty, Browns, Harrods and Selfridges.

> *"As a tiny design company marketing largely handmade products, this incredible infrastructure [of handloom and craft] gave A&T an extraordinary flexibility and a unique advantage, where our innovations and flexibility in design and our ability to handle low product multiples, were perfectly matched to the requirements of the specialist high-end retailer willing to pay higher prices for product exclusivity."*
>
> *- David Abraham*

Recent successes

Through its dedication to promoting Indian textiles and craftsmanship, Abraham & Thakore quickly gained recognition both domestically and internationally. **For almost 15 years the brand mostly retailed predominantly in international stores before coming to India with their first fashion show presentation.**
The brand's collections received acclaim for their understated elegance, impeccable tailoring, and attention to detail, attracting a loyal following of fashion enthusiasts and tastemakers.

Revenue model and financial performance

- **Product Sales and Extended product lines:** The primary revenue stream for Abraham & Thakore is the sale of their fashion collections. This includes ready-to-wear clothing through sales in their own flagship stores, wholesaling through multi-brand retail outlets such as Liberty, Harrods & Selfridges, and online through their e-commerce platform. They also design Homeware and soft furnishings often in partnership with larger retailers or brands.
- **Collaborations and Limited Editions:** Abraham & Thakore occasionally collaborates with other brands or designers on special collections or limited-edition pieces such as with the Victoria & Albert Museum or homeware and soft furnishings. Revenue from such collaborations often garners attention and increases the brand's prestige.
- **Design Contracts and Commissions:** Abraham & Thakore designs and manufactures uniforms and special textile accessories for premium institutional clients - Vistara Airlines, Vana, The Oberoi, Taj Group, The Park. These contracts are often very lucrative and will play a significant role in the revenue stream.

Overall, Abraham & Thakore revenue model is not unique. Anchored in a blend of retail sales, e-commerce, and strategic collaborations. However**, it is their unique blend of modern tailoring with traditional craftsmanship that maintains their position as a leading premium Indian fashion brand** with a distinctive aesthetic and market appeal.

Funding and Acquisition

Abraham & Thakore received **$826K seed investment by Vana.co.in, followed by the acquisition of a majority stake by Reliance Retail Ventures Limited (RRVL) in 2022** (amount undisclosed). Reliance Retail has been ranked amongst the fastest growing retailers in the world. It is ranked 53rd in the list of Top Global Retailers and is the only Indian Retailer to feature in the Top 100. It is the largest retailer in India with the widest reach. RRVL has 304 million registered customers buying across all its formats. It recorded more than 1.06 billion footfalls across all its stores in FY24, a scale unmatched by any other retailer in India, and nearly 1.26 billion transactions in FY24.

RRVL has adopted a multi-pronged strategy and operates a wide array of store formats that cater to planned shopping needs, as well as daily or occasional needs of the customers across major consumption baskets of Grocery, Consumer Electronics, Fashion & Lifestyle and Pharma.

3. Key challenges

Limited manufacturing capabilities

- The company’s design and manufacturing processes only allow them to produce around one to two collections per year with 10-12 pieces of unique design. The company manufactures mostly on handlooms and tiny printing and embroidery sheds in India's still pervasive small-scale industrial sector.
- This is not in line with their competitors in the premium apparel market, leaving the brand at a distinct commercial disadvantage.

Low digital presence

- The brand appears to struggle to fully utilise digital channels in reaching a wider audience.
- The company maintains an active presence on social media platforms such as Instagram, however engagement is low and the brand remains inaccessible to a younger, tech-savvy demographic.

4. Key drivers of success

Differentiation through authenticity

Abraham & Thakore differentiated itself by staying true to its roots and embracing India's diverse cultural heritage. The brand collaborated with skilled artisans and weavers across the country, revitalising age-old techniques from the Jamdani weavers of West Bengal to weavers from Maheshwar, block printers from Barmer and bandhini craftspeople from Bhuj to create contemporary yet timeless designs.

Sustainability for growth

Moreover, Abraham & Thakore prioritised sustainability and ethical production practices, sourcing natural and eco-friendly materials and supporting local artisan communities. The brand's commitment to quality, craftsmanship, and social responsibility resonated with consumers seeking authentic and conscious fashion alternatives.

Partnerships & storytelling

Abraham & Thakore success was also due to strategically marketing itself within the renaissance of Indian fashion on the global stage, with for example exhibitions at the Victoria & Albert Museum in London, shining a light on the country's rich textile traditions and design heritage. The brand's collaborations with international retailers and participation in fashion events further solidified its reputation as a pioneer of contemporary Indian fashion.

5. Key learnings

Abraham & Thakore's business practices offer valuable insights into that can be applied within the African context:

- **Cultural Authenticity and Modern Appeal:** Abraham & Thakore successfully blend traditional Indian textiles and craftsmanship with contemporary fashion sensibilities. This approach resonates with consumers seeking both cultural authenticity and modern aesthetics, showcasing the brand's ability to innovate while honouring heritage.
- **Omni-channel Retail Strategy:** The brand effectively utilises both physical retail stores and an e-commerce platform to reach a diverse customer base. This omni-channel strategy enhances accessibility and convenience for consumers while maximising sales opportunities across different channels.
- **Selective Collaboration and Partnerships**: The brand strategically collaborates with other designers, brands, or institutions on limited-edition collections or long term projects. These collaborations not only expand their creative horizon but also attract lucrative new customer segments and create buzz around their brand.
- **Focus on Sustainability and Craftsmanship**: Abraham & Thakore emphasises sustainability in their practices, promoting traditional Indian craftsmanship and supporting local artisans. This commitment to ethical sourcing and production resonates well with conscientious consumers, contributing to brand loyalty and market differentiation. Isha Ambani, Director, RRVL comments that "With Indian luxury customers undergoing a generational consumption shift, there is heightened appreciation of Abraham & Thakore's timeless design and we are excited to partner with the brand to bring its unique expression of Indian craftmanship to consumers globally."
- **Brand Storytelling for International Expansion:** Effective brand storytelling plays a crucial role in Abraham & Thakore marketing strategy. They articulate their brand narrative through campaigns, social media, and collaborations, fostering an emotional connection with their audience. This in turn helps and is coupled with an International Expansion Strategy where the brand's approach to international expansion, through partnerships showcases their ambition to tap into global markets while maintaining their unique and local brand identity.

6. Conclusion

Abraham & Thakore's journey exemplifies the transformative power of celebrating cultural heritage and craftsmanship in the fashion industry. By championing Indian textiles and design aesthetics, the brand has not only redefined Indian fashion but also inspired a new generation of designers to embrace tradition, innovation, and sustainability. This case study demonstrates that **investment in fashion and textiles need not focus on fast, disposable brands, but that older and more rooted firms can prove attractive for investors looking to build a portfolio of sustainable and high-quality brands.**

6.2. A Fábrica

1. Introduction

A Fábrica, founded in 2016 by Luiz Noronha (CEO), Renato Fagundes (Chief Content Officer), Cecilia Grosso, Samantha Moraes (Producers), and Alberto Elias (CFO), stands as **a leading force in Brazil's audiovisual industry.** The company is dedicated to redefining storytelling and media production, specialising in creating top rated series and films that captivates audiences across Brazil and beyond. Theatrically, A Fábrica released its first film in theatres in 2018, “Minha Vida em Marte,” selling over five million tickets in Brasil’s theatres and it was honoured as the nation’s best comedy of the year.

2. Company History and Evolution

Early days

A Fabrica was founded in the early 2000s by a group of passionate filmmakers and producers. Their vision was **to create a platform that not only produced compelling content but also nurtured new talent in the Brazilian film industry.** Founding member and CEO Luiz Noronha began his career as a journalist. After graduating from UFRJ, he was executive editor of the newspaper O Globo from 1991 to 2000, and partner and executive director of the production company Conspiração Filmes from 2000 to 2013. Between 2013 and 2015 he worked as executive producer at the Rio production company Zola, which he left at the end of 2015 to open A Fábrica with partners Samantha Moraes, Renato Fagundes and Cecília Grosso.

Positioning in the global content industry

A Fábrica has become **one of the largest film and scripted content producers based in Brazil.** The company produces several formats for different clients/players such as Discovery/Warner Media (TNT and HBO Max), Amazon Prime Video, Netflix and Grupo Globo (Multishow, GNT, Canal Brasil, Globo TV), among others. Currently, the company has a portfolio of 22 productions for cinema, TV and streaming that involve partnerships with the main market players in different formats and genres. A Fábrica is part of the group of **leading producers in North America and Latin America that make up Banijay Americas.**

Revenue model and financial performance

A Fábrica leverages its creative capabilities, strategic partnerships, and global distribution to sustain growth and profitability through the following diversified revenue streams:

- **Content Production and Licensing:** A Fábrica's primary source of revenue is the production of original audiovisual content, including television series, documentaries, films, and digital media. The company earns income by licensing these productions to television networks, streaming platforms, and other distributors.

- **Broadcast and Streaming Deals:** Revenue is generated through agreements with broadcasters and streaming services who pay for the rights to air or stream A Fábrica's content. These deals may involve upfront payments, royalties based on viewership, or distribution fees.
- **International Distribution:** The company boosts its revenue through international sales and distribution of its content. By partnering with global distributors and co-producing with international companies, A Fábrica expands its reach and profitability across different markets.
- **Advertising and Sponsorship**: When involved in digital media or operating its platforms, A Fábrica earns revenue through advertising and sponsorship arrangements. This includes selling ad space, creating branded content, or securing sponsorships for its digital content offerings.
- **Merchandising and Licensing Opportunities**: Successful content may lead to additional revenue streams through merchandising and licensing deals. A Fábrica capitalises on intellectual property rights by licensing merchandise, publishing, or developing spin-off projects based on popular content.
- **Content Development Services**: Beyond its own productions, A Fábrica offers content development services to other entities. This includes scriptwriting, production management, and post-production services, generating revenue through service contracts.

Acquisition

In 2022, six years after launch, **Banijay Americas acquired a majority stake in A Fabrica**. Banijay is a French multinational television production and distribution company which is the world's largest international content producer and distributor with over 130 production companies across 23 territories, and a multi-genre catalogue containing over 185,000 hours of original programming.

The acquisition of A Fabrica was announced just one week after Banijay revealed its plans to launch Banijay Studios Brasil, a 750,000 square foot studio outside of São Paulo, in early 2023. Banijay also acquired 14 other independents, and 15 new content companies across 10 territories in 2022, who will all continue to operate under the Banijay Studios banner.

3. Key challenges

Content Quality and Variety

- Ensuring high-quality content that appeals to diverse viewer preferences while maintaining a consistent standard across different genres and formats.

Monetisation and Revenue Streams

- Developing sustainable revenue models in the digital era, balancing subscription-based services, advertising revenue, and potentially new forms of monetization like partnerships and merchandising.

Distribution and Accessibility

- Navigating the complex landscape of digital distribution platforms, optimising content discovery, and ensuring accessibility across various devices and regions.

Technological Infrastructure

- Investing in robust technology infrastructure for content production, distribution, and streaming, including considerations for scalability, security, and seamless user experience.

Competitive Landscape

- Facing competition from established TV networks, streaming giants, and emerging digital content creators, necessitating differentiation through unique content propositions and innovative strategies.

4. Key drivers of success

High Quality Content

A Fábrica produces Brazil's highest-rated pay TV sitcom, "Vai Que Cola," which is in its 10th season for Multishow and Globo, and has two highly anticipated scripted series launching soon, including Netflix comedy "Sem Filtro." The company's productions garnered critical acclaim and amassed a loyal following of viewers, establishing A Fábrica as a trusted source of entertainment and storytelling.

Popular content

The studio recently delivered the highest audience for a non-English-language film in Netflix's history with "Modo Avião." In 2021, Netflix's "Lulli," another A Fábrica original production, was on the top 10-charts in several countries, including Brasil.

Solid industry partnerships

A Fabrica successfully used their contacts with the film industry to build relationships with Netflix and were able to work closely with the platform to create successful content again and again.

5. Key learnings

A Fábrica's business practices offer valuable insights into that can be applied within the African context:

- **Innovative Approaches to Content Creation:** Upon entering the Brazilian audiovisual market, A Fábrica faced a landscape dominated by conventional media production practices. Established players held sway with traditional formats and storytelling techniques. The challenge for A Fábrica was clear: to disrupt this landscape by introducing innovative approaches to content creation, engaging audiences in new, compelling ways, such as the docuseries Filho da Mãe — which profiles the late Brazilian actor, director, playwright and comedian Paulo Gustavo, whose film Minha Mae e uma Peca, was the most watched film of the year in Brazil in 2015 before his untimely death in 2021.
- **Technology and Creative Storytelling:** A Fábrica distinguished itself by embracing cutting-edge technology and creative storytelling techniques to craft immersive and impactful audiovisual content. The company invested in top-of-the-line equipment, talent development, and production facilities, ensuring the delivery of high-quality content across various platforms, including television, film, digital media, and live events.
- **Collaboration and Innovation**: A Fábrica fostered a culture of collaboration and innovation, partnering with emerging filmmakers, writers, and artists to explore new narratives and perspectives. Leveraging data analytics and audience insights, the company tailored content to diverse audience preferences and interests, ensuring maximum engagement and impact.

6. Conclusion

A Fábrica's journey exemplifies the transformative impact of creativity and innovation in the audiovisual industry. By pushing the boundaries of storytelling and media production, **the company has not only reshaped Brazilian entertainment but also inspired a new generation of filmmakers,** content creators, and audiences to explore new horizons. As A Fábrica continues to innovate and evolve under the leadership of Banijay, it remains at the forefront of shaping the future of audiovisual storytelling in Brazil and beyond.

6.3. Grow Commerce

1. Introduction

Grow Commerce was founded in 2013 as **Indonesia's largest direct to consumer (DTC) fashion brand called Berrybenka**. In 2021, with support from top institutional investors in Asia, the company acquired 4 more brands to become a **$40m business**. Now, Grow Commerce is offering market entry for international brands into Indonesia via the large retail and e-commerce network it built for the fashion category.

2. Company History and Evolution

Early days

CEO Jason Lamuda completed his master's degree at Columbia University from the Department of Financial Engineering and worked as a business analyst for two years at McKinsey & Company. After leaving, Lamuda found success with his second start up, Disdus, a daily deal website, which was acquired just six months later by Groupon in 2011.

In 2012, Lamuda took over Berrybenka, which was founded by his wife Claudia Widjaja and her friend Yenti Elizabeth on Facebook. **The website launched in 2013 and has grown to be an "affordable, good-quality and stylish fashion destination" renamed Grow Commerce.** Lamuda was later joined by co-founder, COO & CFO Aditi Sharma, an Investor at Grab Ventures, the venture capital arm of super app Grab. Her time there sparked her entrepreneurial journey.

Transition to a "House of Brands" strategy

The company transitioned to its current brand Grow Commerce to **embody a "House of Brands" strategy, focusing on acquiring and scaling local fashion brands.** Under the leadership of Lamuda, Grow Commerce secured a substantial seed funding of $7 million in 2022, which is pivotal for its expansion and technological development. They acquired 4 more brands to become a $40m business.

Co-founder, Aditi Sharma, highlighted the importance of their approach in the Southeast Asian market, which is heavily driven by mobile internet users and a mix of direct-to-consumer and online distribution channels.

> *"Grow Commerce takes a unique position as a House of Brands due to our strong operational experience in building and supporting local brand growth. We've developed our online platform, built a network of offline stores, and expanded into various online markets."*
>
> *- Jason Lamuda*

The State of eCommerce Logistics in Indonesia

Indonesia, a country of 275.5 million people, is home to **one of Southeast Asia's most promising e-commerce sectors. Growth is driven mainly by younger consumers, who now view online shopping as more practical and cost-effective.** Indonesia has the largest digital economy in the region, comprising approximately 40% of the total market with a number of startup "unicorns" at the forefront of the nation's digitalization.

According to a report by PwC Indonesia the current logistics costs in Indonesia reached 23.5% of the national GDP. One of the factors that **makes Indonesia's logistics costs expensive is the country's topography as an archipelago where transportation of goods needs various modes of transportation**, which means loading and unloading goods. According to Agus Rofiudin, Head of the Finance Ministry at the National Single Window Agency (LNSW), the distance of moving goods between Cikarang and Balikpapan was the same as Lisbon (Portugal) to Luxembourg. As the logistics flow in Indonesia was inefficient "It needs 10 days for goods to reach Balikpapan meanwhile, it only takes goods 2 to 3 days to reach Luxemburg," he said.

In 2020, The National Logistics Ecosystem (NLE) was introduced to Indonesia. This **integrated logistics platform links and unifies the nation's end-to-end logistics process offering simplified logistics**, ease of payment, simplification of business processes for both public and private services and the ability to allow spatial planning by implementing policies that promote efficient movement of goods.
With the government prioritising NLE, national logistics and cross-border eCommerce presents new opportunities for Indonesian businesses like Grow Commerce primed to move quickly.

Revenue model and financial performance

Grow Commerce's multiplatform of brands generate a total of US$20 million in annualised revenue. However, they also operate as an e-commerce enabler offering a comprehensive approach to supporting brands in leveraging e-commerce opportunities in Indonesia:

- **35+ offline stores in 13 cities**
- **100+ top-performing fashion affiliates**
- **Tiktok live selling accounts for clothing, bags, shoes, etc**
- **Bazaars in high traffic malls**

Within these functions the company utilises the following revenue models:

- **Platform Fees:** Grow Commerce charges fees to brands and businesses for using its e-commerce platform and services. These fees can include initial setup charges, ongoing subscription fees, and transaction-based fees linked to sales made through their platform.
- **Technology Solutions:** The company offers technology solutions such as website and mobile app development, as well as backend infrastructure management. Revenue is generated through upfront setup fees and recurring maintenance fees.
- **Digital Marketing Services**: Grow Commerce provides digital marketing services to drive online traffic and sales for clients. This includes SEO, PPC advertising, social media marketing, and partnerships with influencers. Revenue is derived from service fees and performance-based commissions.

- **Payment Processing**: Revenue is earned through payment processing fees, where Grow Commerce facilitates secure transactions for merchants, charging fees based on the payment methods used by customers.
- **Logistics and Fulfilment**: The company handles logistics and fulfilment services for clients, managing order processing, warehousing, and shipping. Revenue streams include fulfilment fees, storage charges, and potentially markups on shipping costs.
- **Data Analytics**: Grow Commerce offers data analytics services to help clients understand consumer behaviour and optimise business operations. Revenue is generated through subscription fees for access to analytics tools and consultancy services.
- **Consulting and Advisory**: The company provides consulting services on e-commerce strategy, market entry, and regulatory compliance in Indonesia. Revenue comes from consulting fees and project-based engagements.
- **Commission-Based Models**: In certain setups, Grow Commerce earns commissions on sales generated through its platform, particularly if it operates as a marketplace or affiliate partner connecting consumers with brands' products.

3. Key challenges

Online and Offline Distribution Networks

- **Infrastructure:** In Indonesia, especially outside major cities like Jakarta, infrastructure for reliable online and offline distribution networks can be inadequate. Poor road conditions and limited logistics facilities can lead to delays and higher costs.
- **Reach and Accessibility**: Indonesia consists of thousands of islands, making it challenging to establish efficient distribution networks that reach all regions uniformly. Remote areas might have limited access to online shopping platforms or physical stores, affecting market penetration.
- **Digital Connectivity**: While internet penetration is growing, there are still disparities in digital connectivity between urban and rural areas. This affects the online shopping experience and customer access to the brand's products.

Supply Chain Logistics

- **Fragmented Supply Base:** The supply chain in Indonesia can be fragmented, with various suppliers and manufacturers spread across different regions. Coordinating and managing these diverse sources can lead to logistical complexities and delays.
- **Customs and Import Regulations**: Importing materials and finished products into Indonesia involves navigating complex customs and import regulations. Delays in customs clearance can disrupt supply chains and affect production schedules.
- **Infrastructure and Transportation:** Transportation infrastructure limitations, including inadequate roads and ports, can hinder the efficient movement of goods within and out of the country. This impacts lead times and increases costs for logistics.

4. Key drivers of success

Forward Thinking

The blend of on-line and physical retail is a key driver of growth, providing an aggregation of markets in a landscape where the retail experience is increasingly hybrid and experiential. This has enabled Grow Commerce to tailor products to specific markets and build a pipeline of products which meet the needs of different demographics. In a 2022 interview with Tech in Asia - a Singapore- and Jakarta-based technology news website - Lamuda said his experience from building Berrybenka over eight years ago had placed Grow Commerce in a “unique position.”

Multi-Platform Brands

Grow Commerce has five brands in its portfolio, including Berrybenka, Kottonville (Childrens wear), Aleza (Modest Fashion), BBS, and Sorabel – a brand that shut shop in 2020. These brands generate a total of US$20 million in annualised revenue.

Strategic Seed Investment

In 2022 it was announced that Grow Commerce had received $7m in Seed capital. The investment was led by AC Ventures is an early-stage technology venture fund that focuses on investing in Indonesia’s digital disruptors and had participation from East Ventures and Irongrey. East Ventures was an early investor in Berrybenka.

5. Key learnings

Through its strategic approach, Grow Commerce quickly gained traction in the Indonesian e-commerce market, capturing a significant share of the growing online shopping population. The company's commitment to customer-centricity, innovation, and reliability resonated with consumers, driving strong brand loyalty and repeat business.

- **Customer Centric Approach:** The Grow Commerce differentiated itself by prioritising customer experience and innovation. The company invested in building a robust technology infrastructure and user-friendly interface, ensuring a seamless and intuitive shopping experience for customers across Indonesia.
- **Multi-Channel Approach:** Moreover, Grow Commerce adopted a multi-channel approach to reach customers, leveraging social media, influencer marketing, and partnerships with local businesses reaching between 150k - 500k followers on each platform to expand its reach and engage with diverse audiences. Taking early advantage of government led National Logistics Ecosystem the company focuses on building a reliable logistics network to ensure timely delivery and customer satisfaction.
- **First-Mover Advantage:** Furthermore, Grow Commerce's efforts contributed to the overall growth of the e-commerce sector in Indonesia, creating employment opportunities, stimulating economic growth, and fostering entrepreneurship. The company's success garnered recognition from industry peers and stakeholders, solidifying its position as a leader in the Indonesian e-commerce space.

6. Conclusion

Grow Commerce illustrates how innovation and customer-centricity in e-commerce can drive growth in emerging markets. **By prioritising technology, customer experience, and reliability, Grow Commerce has played a vital role in reshaping the online shopping landscape in Indonesia**, empowering consumers and businesses alike. As the company continues to innovate and expand its offerings, it remains poised to lead the charge in catalysing e-commerce growth and driving digital transformation in Indonesia and beyond.

6.4. Kama Ayurveda

1. Introduction

Kama Ayurveda is **a leading Indian beauty and wellness brand** founded in 2002 by Vivek Sahni. Inspired by the principles of Ayurveda, an ancient Indian system of holistic healing, Kama Ayurveda aims to promote natural, ethical, and sustainable skincare and wellness solutions derived from traditional Indian herbs and ingredients focusing on the balance between mind, body, and spirit for holistic wellbeing.

2. Company History and Evolution

Early days

Vivek Sahni's **idea for Kama Ayurveda came from a trip to the southern part of India**. Sahni pursued a degree in design from Parsons School of Design, New York and started a graphic design brand in 1993 by the name Vivek Sahni Design. He was assigned to work on a project under the Government of India, for the Khadi and Village Industries Commission to revive the Khadi brand. His trip there broadened his perspective. He was later joined by partners Dave Chang, Head of Marketing, Rajshree Pathy, who worked in sugar milling and Vikram Goyal, who ran an interior design firm.

Positioning and product

Sahni and his partners started Kama Ayurveda with the vision of starting something that is r**ooted in Indian culture.** Kama Ayurveda's products received acclaim both in India and internationally, earning them a recognition for efficacy, purity, and luxurious textures and a reputation of staying true to Indian roots. The brand differentiates itself by meticulously researching ancient Ayurvedic texts and collaborate with Ayurvedic practitioners to formulate products that honour traditional recipes while meeting modern skincare needs.

The company works with two of the largest manufacturing companies in India, Arya Vaidya Pharmacy (AVP) being one of them. This relationship was developed via Pathy's family connections. Kama Ayurveda launched with only two products: Bringadi Hair Oil and Kumkumadi for the skin, which continue to be their hero products with a 70 percent repeat customer rate. The company innovates new products around these core products. Today, there is a complete Bringadi and Kumkumadi range.

> *We've always made our own formulations and we've always outsourced the manufacturing… We give women consultations… Once you touch the product conversion rates are very high."*
> *- Vivek Sahni*

The Ayurveda competitive landscape

The concept of Ayurveda, a traditional alternative medicine system, was not well known in Northern India, and the notion was plagued with bad experiences. But **the success of mass market Ayurveda brands**, such as Patanjali Ayurved, legacy brands (Dabur India) and established luxury players like Forest Essentials, **helped bring Ayurveda to the mainstream.** There are also a host of mid-scale and emerging brands in the field—from Soultree and Ohria Ayurveda to those targeted at a global audience like Purearth and Sahajan.

Karma Ayurveda's commitment to transparency and ethical practices resonated with a growing segment of conscious consumers, driving strong brand loyalty and positive word-of-mouth. In the face of competition they were able to maintain their position by offering targeted treatments and solutions to skin and hair problems. Marketing started with word of mouth and direct to customer engagement across the country. The company also gives general talks on Ayurveda focusing on how the body functions and conducted clinical trials for efficacy.

> *We prove that it works… classical formulations that have been around for thousands of years, we're also making it according to that. That's the most important thing."*
> - Vivek Sahni

Growth and expansion

2002

The turning point came in 2005 **when Kama Ayurveda started supplying products to five-star hotels in Delhi.** With money borrowed from family, the founders opened their first physical store in Khan Market, New Delhi, in 2012. Here, they focused on building Ayurvedic experiences where customers can meet with Ayurvedic experts, try the products and explore. Sahni claims "it transformed the business." The company started opening one store every year. At that stage, Kama Ayurveda counted 20 employees and was profitable.

In 2014, Kama Ayurveda received its first external funding from Lighthouse Advisors India Pvt. Ltd., expanding the business and helping it grow at an exponential rate.

Kama Ayurveda grew to 61 exclusive business outlets, with 125 retail touchpoints spread across the country. While the metros and Tier 1 cities like Delhi are fleshed-out markets, smaller towns and cities have increasingly responded to its products. The omnichannel presence means that the brand can be found on websites like Amazon, Myntra, and Nykaa,with online sales making up 35-40% of its business. Kama Ayurveda has also ventured into international markets with their first opening in the UK and France.

2024

Revenue model and financial performance

Kama Ayurveda's revenue model revolves around leveraging its strong brand presence in the Ayurvedic wellness niche, combining traditional formulations with modern marketing and distribution strategies to reach a diverse customer base.

- **Product Sales:** Kama Ayurveda primarily sells a wide range of Ayurvedic skincare, haircare, and wellness products. These include items such as face cleansers, moisturisers, hair oils, shampoos, and herbal supplements. Revenue is generated through online sales via their website as well as through physical retail outlets and partnerships with other retailers.
- **Retail Distribution**: They have retail outlets across India and internationally. Revenue is generated through wholesale sales to these outlets, where the products are sold to end consumers.
- **E-commerce**: Kama Ayurveda operates its own e-commerce platform where customers can purchase products directly. Revenue from online sales is a crucial part of their business model, leveraging digital marketing and promotions to drive sales.
- **International Sales:** Kama Ayurveda exports its products to various countries, particularly where there is a growing demand for natural and Ayurvedic skincare solutions.
- **Spa Services**: Kama Ayurveda, offer spa services based on traditional Ayurvedic principles. Revenue is generated from consultations, treatments, and personalised wellness programs offered at their spa locations.

Funding and Acquisition

Karma Ayurveda received a $10 million investment from Lighthouse in 2017. Two years later, **Puig invested $11.9 million, leading to the acquisition of a majority stake in the company in 2022,** when earlier investors exited. Puig invested in the brand to strengthen its wellness category, boost the brand's leadership in the Indian market, and continue to support the further expansion of Kama Ayurveda into global markets, for example guiding them with strategies for the UK launch.

3. Key challenges

Product differentiation

- When Kama Ayurveda entered the market, the beauty industry was saturated with mass-produced, chemical-laden products that often overlooked the holistic approach to skincare and wellness.
- The challenge for Kama Ayurveda was to reintroduce Ayurvedic principles to modern consumers and establish itself as a trusted authority in natural and authentic beauty solutions.

Customer education

- Going forward, the education of customers, which currently relies upon Ayurvedic experts in-stores across India will continue to be key but costly.
- New audiences unfamiliar with Ayurvedic ingredients and benefits will require a strong digital content strategy, illustrating new ingredients and application techniques to meet global expansion plans.

Dependence of Bricks and Mortar

- Further challenges will be in dependence on costly bricks and mortar stores across India to deliver the brands unique Ayurveda experience and maintain their unique and luxurious brand engagement.

4. Key drivers of success

Luxury Brand Position

Kama Ayurveda quickly gained a reputation for seeking natural and holistic skincare solutions which led to the brand supplying luxury hotels and attracted their first investment partners.

Market Growth in Holistic Products

The Indian Ayurvedic products market reached a value of $6.17 billion in 2021 and is projected to reach $18.41 billion by 2027. Founder Sahni believes this growth will be from Tier-II and Tier-III markets: “Most of our products are family products and go into the family bathroom. That's why we believe, the earlier we hit these markets, and are in the consideration baskets of this population, the growth will be that much faster for us.”

International expansion

In 2023 the company expanded into the UK market, citing education as a key customer acquisition strategy with Ayurveda experts and doctors online and in-store. The brand's expansion into global markets further solidified its reputation as a pioneer of Ayurvedic beauty, introducing ancient Indian wisdom to a global audience.

5. Key learnings

- **Emphasis on Traditional Wisdom:** Kama Ayurveda's success underscores the appeal of Ayurvedic principles in skincare and wellness. By focussing on the hybrid of traditional practices and techniques with scientific results they appeal to a modern audience keen to marry the two worlds.

- **Omni-Channel Approach:** Kama Ayurveda has effectively utilised both offline (physical retail stores, spas) and online (e-commerce platform) channels to reach a diverse customer base. This omni-channel strategy ensures accessibility and convenience for consumers while maximising sales opportunities.
- **Product Simplicity and Effectiveness:** Kama Ayurveda successfully launched with a limited number of products to illustrate the efficaciousness of Ayurveda and allowing the brand to focus on product quality and key messaging. This enhances the brands positioning within the Beauty and Wellness Market emphasising authenticity, quality, and sustainability and building up strong customer relationships.

6. Conclusion

Kama Ayurveda's success illustrates the **enduring appeal of Ayurveda and the growing demand for natural, ethical, and sustainable beauty solutions**. By harnessing the power of ancient traditions and combining them with modern innovation, Kama Ayurveda has redefined India’s role in the beauty industry landscape, inspiring consumers to embrace holistic wellness practices rooted in tradition and nature. As Kama Ayurveda continues to grow and innovate, it remains a beacon of authenticity and integrity in the beauty and wellness industry, promoting a harmonious balance between nature, tradition, and modernity. It demonstrates that **traditional approaches to beauty can be leveraged as investable business models in a global marketplace.**

6.5. Loto del Sur

1. Introduction

Cosmetika SAS, which operates under the brand name Loto Del Sur, is **a leading Colombian beauty brand** founded in 1999 by Joahana Sanint. It was set up with a mission to celebrate Colombia's rich cultural heritage and natural beauty through skincare and cosmetics products. The brand draws inspiration from Colombia's diverse ecosystems, vibrant culture, and indigenous traditions, infusing each product with a touch of Colombian elegance and sophistication. The company sells direct to consumers via its website and 7 owned stores across Colombia, generating revenues of US$4.7 million in 2018.

2. Company History and Evolution

Early days

Johana Sanint was born in Bogotá, in an atmosphere of architecture and perfumery. Sanint's great-grandfather, representative of the PFW fragrance house, passed on the family a taste for perfumes and a refined nose. Sanint childhood was marked by memories of aromas and travel stories. Her father, an architect and thinker, transmitted to her the passion for architecture, the love for nature, the search for balance between man and the space he inhabits, and a deep reflection on the American continent, as an invitation to rediscover it. Soon after she graduated with a degree in Architecture, Johana travelled to Italy and France where she learned the traditional methods of extracting perfumes and making vegetable soaps. It was there that she discovered her true calling.

Positioning

Back in Colombia, she decided to continue the family tradition and found **La Jabonería in 1999, a brand of botanical soaps that used ancestral manufacturing processes.** Those were the first steps in forming Loto del Sur. Today, the beauty brand has expanded into organic in-house produced products. The product range includes everything from aromatherapy oils, serums, and candles to creams, masks, mists, make-up removers, toners, and skincare products. Products are positioned in a premium and niche market segment, with prices ranging from 68,900 Colombian pesos ($17.23) for the liquid soap, one of its star products, to 239,900 Colombian pesos ($60) for the organic beauty elixir made from cacay, roses and CBD.

> *"At Loto del Sur we believe that good design can considerably transform the way we enjoy life. We believe in all the power of plants and we rely on a rigorous scientific research process. We cultivate simple pleasures by putting effort and dedication into every detail."*
>
> *- Company Website*

Between 1999 and 2022, Colombia's beauty market witnessed significant growth and transformation driven by rising disposable incomes, evolving consumer preferences, and digitalisation. Key trends included increased spending on premium beauty products, the rise of beauty consciousness, growing demand for Latina brands fuelled by social media and influencers, and the expansion of distribution channels including e-commerce. Emphasis on natural and organic products, and the proliferation of beauty salons and spas were notable developments.

Revenue model

Loto del Sur's positioning as a luxury brand allows it to command higher price points and attract a discerning customer base. Its revenue model is based on the following levers:

- **Direct Retail Sales** through its flagship stores in prime locations, and its e-commerce platform.
- **Wholesale Distribution** through partner retailers (a network of high-end department stores, boutique shops, and specialty retailers both within Colombia and internationally) and Hotel and Spa Partnerships. These partnerships serve as both a revenue stream and a marketing tool.
- **Private Label and Exclusive Collections:** Loto del Sur offers exclusive collections and private label products for specific partners or events. This not only creates additional revenue but also enhances brand prestige.
- **Subscription Services** such as Beauty Boxes and Membership Programs, creating a recurring revenue stream
- **Corporate and Gift Sales**, catering to businesses looking for luxurious gift options for their clients and employees..
- **Seasonal and Promotional Sales,** to boost sales during peak shopping periods. These promotions are often accompanied by targeted marketing campaigns to attract new customers.
- **Experiential Marketing:** Hosting in-store workshops, beauty classes, and exclusive launch events not only generates revenue through ticket sales but also drives product purchases and brand loyalty.

Funding and Acquisition

Loto del Sur has sold a 55% stake in the company to Spanish fashion and beauty conglomerate Puig on a two-stage transaction, following an initial 35% stake in 2019. The amount is undisclosed. Puig have announced they will maintain their commitment to boost the brand's profile and reach in the Latin American market and bolster its international growth.

Puig has five production plants, four in Europe and one in Mexico and commercialises its products in 150 countries. The company is planning to open a first Loto del Sur store in Madrid and to enter the U.S. market with an establishment in Miami. In Latin America, the company has plans to strengthen the premium brand's presence in Mexico and Chile.

3. Key challenges

Sustainability and Ethical Sourcing

- Ensuring that the sourcing of natural ingredients does not harm local ecosystems is challenging.
- By extensively researching local plant-derived ingredients and gaining knowledge of indigenous communities and replanting schemes in partnership with Saving the Amazon, the brand is focused on sustainable harvesting which can be more costly and time-consuming.

Supply Chain Disruptions

- Dependence on local ingredients makes the company vulnerable to supply chain disruptions due to environmental factors, political instability, or economic changes in supplier regions.

Quality and Consistency

- Natural ingredients can vary in quality and potency depending on growing conditions, affecting the consistency of the final product.
- Ensuring consistent quality across batches is crucial, especially with natural ingredients that can vary significantly especially when balancing traditional artisanal methods with modern manufacturing technologies. It is essential to preserve product authenticity while achieving efficiency and scalability.

Scaling Up Production

- As demand grows, scaling up production while maintaining artisanal quality and sustainable practices is challenging. This required significant Investment in Infrastructure to increase production capacity.

4. Key drivers of success

First Mover Advantage

Loto del Sur has successfully positioned itself as a pioneer in Colombian beauty, capturing the essence of the country's natural wonders and cultural heritage The brand's commitment to quality, sustainability, and social responsibility resonated with consumers, driving strong brand loyalty and positive word-of-mouth.

High Quality Products

Loto del Sur's products received acclaim both domestically and internationally, earning recognition for their efficacy, unique formulations, and eco-friendly practices. The brand's expansion into global markets further solidified its position as a leading ambassador of Colombian beauty, showcasing the country's diverse ecosystems and cultural richness to the world.

Production Capabilities

Loto del Sur differentiated itself by leveraging Colombia's rich biodiversity and cultural heritage to create a unique product portfolio. The brand collaborated with local farmers and indigenous communities to ethically source ingredients such as coffee, cacao, quinoa, and Andean botanicals, ensuring a sustainable supply chain while supporting local communities.

Prioritising Sustainability

Furthermore, Loto del Sur prioritised eco-conscious packaging, utilising recyclable materials and minimising plastic usage to reduce environmental impact. This commitment to sustainability aligned with the values of socially and environmentally conscious consumers, enhancing the brand's appeal and credibility.

5. Key learnings

Loto del Sur has managed to carve out a strong position in the luxury skincare and beauty market by applying these key learnings, which could be replicated in an African context:

- **Leveraging Multi-Channel Retail:** By operating both flagship stores and an e-commerce platform, Loto del Sur effectively reaches a broad customer base, catering to both local and international markets direct to consumers via its website and 7 owned stores across Colombia. Collaborating with high-end department stores, boutiques, and specialty retailers expands the brand's market presence and allows them to tap into established customer bases.
- **Focus on Quality and Brand Prestige:** Designing stores to offer a luxurious and immersive shopping experience aligns with the brand's premium positioning and attracts high-end consumers. Locally recognised ingredients with high product quality is central to maintaining brand prestige and customer trust, which is critical for a luxury brand. High-quality products and exclusive experiences foster strong customer loyalty, leading to repeat purchases and sustained revenue growth.
- **Strategic Partnerships:** Partnering with luxury hotels and spas not only generates additional revenue but also aligns with the brand's high-end market positioning. Offering corporate gifting solutions provides a unique revenue stream and helps in building relationships with businesses, expanding the brand's reach beyond individual consumers.

6. Conclusion

Loto del Sur's journey exemplifies the power of **leveraging cultural heritage, sustainability, and innovation to disrupt the beauty industry.** By staying true to its roots and embracing Colombia's natural resources, the brand not only redefined beauty standards but also contributed to the preservation of local ecosystems and indigenous traditions. As Loto del Sur continues to grow and evolve, it remains a beacon of Colombian beauty. It is an example for **African beauty brands seeking investment which can scale up their production and distribution, while retaining an ethical and sustainable model.**

6.6. Megastar

1. Introduction

Megastar Vietnam stands as the **leading cinema chain in Vietnam with 60% market share in the Vietnamese exhibition sector** and box office records with more than 20% increase year-on- year, with seven multiplexes and 54 screens in major cities around Vietnam including Ho Chi Minh and Hanoi. The company is known for its commitment to delivering premium cinematic experiences to audiences across the country.

2. Company History and Evolution

Early days

Megastar Cineplex is Vietnam's **first international standard multiplex Cinema chain**. It was started in 2006 based on a vision to provide Vietnamese audiences with world-class cinematic experiences, setting new standards for quality and innovation in the industry. Vietnam's cinema industry has witnessed remarkable growth in recent years, fuelled by increasing urbanisation, rising disposable incomes, and a growing appetite for entertainment. Recognising the untapped potential in the market, Megastar Vietnam was founded as a **Joint venture between local investors and American company Envoy Media Partners Limited** with assets of $38 million.

Positioning in the Vietnamese cinema market

Since its inception in 2006, Megastar has played a pivotal role in shaping Vietnam's entertainment landscape, offering state-of-the-art facilities including large wall-to-wall screens. It is equipped with Dolby Digital sound, and comfortable seats with moving backs and armrests. All films are shown in their original language with Vietnamese subtitles and booster seats are available for children.

The Vietnamese cinema sector has experienced strong growth over the past 15 years. Box office was growing at a steady 10% annually before the pandemic. In 2010, the country only had 90 screens and annual revenue of less than $15M. **In 2023, Vietnam's box office reached $150M, or around 90% of pre-pandemic levels, from a total of 1,100 screens.** The Vietnamese audience is also clearly displaying a growing appetite for home grown films. Vietnam's highest ever grossing film is The House of No Man, with 476 billion VND (19.4 million USD).

Revenue model and financial performance

Megastar experienced steady revenue growth of more than 20% increase year-on-year since its inception, taking in revenues of $23m, driven by increasing ticket sales, concession revenues, and ancillary services. The company's strategic investments in technology, infrastructure, and customer experience contributed to its strong financial performance and profitability.

Megastar's revenue model is based on:

- **Box Office Sales**: The primary source of revenue comes from the sale of movie tickets, including standard, 3D, and IMAX screenings.
- **Concessions and Food & Beverage:** Sales from concession stands offering popcorn, beverages, and snacks constitute a major revenue stream. Some MegaStar locations also provide gourmet food and beverage services, including dine-in options and specialty items.
- **Advertising and Sponsorship Collections**: Advertisements shown before movies and during intermissions, as well as in-theatre promotions, product placements, and themed events.
- **Private Screenings and Events**: MegaStar rents out its theatres for private screenings, corporate events, parties, film festivals and special occasions.
- **Digital and Online Services**: Fees from online ticket booking services, which often include convenience fees, contribute to revenue.
- **Arcade and Entertainment Zones**: Revenue from arcade games and other entertainment facilities within cineplex premises.

Acquisition

Megastar was **acquired by Korean group CJ CGV for US$73.6m in 2010.** Since 2006, CJ CGV had been branching out overseas with 7 screens in China and one in the US. CJ CGV, whose affiliate CJ Media also has interests in the broadcasting sector, saw Vietnam as an early and strong receptor of Korean Wave pop culture and planned to use the multiplexes as a bridge into Southeast Asia. The acquisition was intended to enable them to use Multiplexes as a bridge for introducing Korean culture around the world.

Korea's second largest exhibitor Lotte Cinema also entered the Vietnamese exhibition sector in 2008 with three screens in Ho Chi Minh City and more in Danang followed by its third multiplex win Ho Chi Minh. This might dilute Vietnamese and other international programming if the Korean influence grows.

3. Key challenges

Scaling and Maintaining High Standards

- The Vietnamese film industry is experiencing a long-term growth period, and recovered quickly from the Covid-19 pandemic.
- Megastars' key challenge is to scale and meet the demands of their customers whilst maintaining their services and quality standards.

4. Key drivers of success

Modern Facilities and Technology

The company invests heavily in state-of-the-art sound systems, high-definition projection equipment, and comfortable seating arrangements to ensure an immersive and enjoyable movie-watching experience for patrons.

Diverse film selection

Catering to the diverse preferences of Vietnamese audiences, Megastar Vietnam offers a wide selection of films ranging from Hollywood blockbusters to Vietnamese cinema, independent films, and international releases. By curating a diverse lineup of movies, the company appeals to a broad spectrum of moviegoers.

Premium Offerings

Premium offerings such as 3D screenings, IMAX theatres, and VIP lounges attract movie enthusiasts seeking an elevated cinematic experience and contribute to the company's reputation for excellence and innovation.

Strategic locations

Megastar Vietnam strategically locates its theatres in major cities and commercial centres across the country, making it easily accessible to a large audience base.

Partnership and Collaborations

Megastar collaborates with local filmmakers, distributors, and industry partners to promote Vietnamese cinema and support the growth of the local film industry. Through partnerships with film festivals, cultural events, and educational initiatives, the company contributes to the development and promotion of Vietnamese filmmaking talent.

5. Key learnings

- **Leveraging Western Learnings for Local Relevance:** From the founding partnership between local investors and Envoy Media Partners (an American company Cine Multiplex operator), MegaStar successfully adapted Western cinema best practices to create a locally relevant space. By delivering the operational efficiencies, marketing strategies, and customer engagement techniques of successful Western cinema chains, MegaStar implemented these practices with a localised twist. This included customising the cinematic experience to suit Vietnamese cultural preferences, integrating local flavours into concession offerings, and featuring a balanced mix of global blockbusters and local films. This approach ensured that MegaStar could offer a familiar yet uniquely Vietnamese cinema experience, appealing to a broad audience base.

- **Investing in Technology Enhances Customer Experience:** MegaStar's continued investment in advanced projection and sound technologies, including 3D and Dolby Digital sound, set it apart from competitors. This not only attracted tech-savvy audiences but also elevated the overall movie-going experience, ensuring higher customer satisfaction and repeat visits..
- **Local Content is Vital for Cultural Relevance:** Promoting and screening local Vietnamese films allowed MegaStar to resonate with local audiences and support the domestic film industry. This balance of global and local content helped attract a wider audience base.
- **Building Strong Partnerships is Crucial:** Forming strategic alliances with global entertainment companies and government initiatives enabled MegaStar to offer exclusive and early screenings of international blockbusters, attracting a diverse audience. Collaborations with local filmmakers helped cater to cultural preferences, further solidifying its market position.
- **Strategic Expansion Drives Market Leadership:** The decision to expand nationwide allowed MegaStar to capture a larger market share and establish itself as a leader in the Vietnamese cinema industry. Careful selection of new locations based on market research ensured high occupancy and profitability.

6. Conclusion

Megastar Vietnam's journey exemplifies the transformative power of innovation, dedication, and customer-centricity in the cinema industry. **By providing world-class cinematic experiences, supporting local filmmaking talent, and enriching Vietnamese culture, the company has become synonymous with excellence and entertainment in Vietnam making it an attractive acquisition vehicle for Korean based CJ CGV.** By learning from MegaStar Vietnam's strategic decisions and initiatives, other companies in the entertainment and service industries can understand the importance of technological investment, strategic expansion, strong partnerships, customer loyalty programs, adaptability to market changes, and the smart adaptation of global best practices to local contexts.

6.7. Modanisa

1. Introduction

Modanisa, founded in 2011 by Kerim Türe, is the world's largest modest fashion e-tailer based in Turkey. Modanisa offers a diverse array of apparel, accessories, and lifestyle products tailored to the needs and preferences of modest dressers in Turkey and beyond.

2. Company History and Evolution

Early days

Founder Kerim Türe has a lifelong passion for entrepreneurship. He holds a Masters degree in Communications from Boston University. Türe owned an indoor advertising company but wanted to work with a purpose, so he launched the startup accelerator Etohum. At the same time, he noticed **a need for Muslim women to express their identity without compromising their values**. Bringing his expertise in marketing to women working in his accelerator, together they produced four private labels under the Modanisa brand. Türe then approached manufacturers to produce products for him in different colours and styles from simple black designs to yellow and baby blue. Türe used data to convince manufacturers to look at the market again.

Positioning

The global modest fashion market was estimated to be valued at around $283 billion USD in 2019. Türe struck a deal with manufacturers to supply the clothing which he would then sell, thus positioning Modanisa as a trailblazer in this niche. **Collaborating with local and international designers, Modanisa curated a wide selection of modest clothing items,** including dresses, tunics, hijabs, and more, all combining fashion-forward design with modesty and comfort. Modanisa also prioritises inclusivity and accessibility, ensuring that its platform caters to a diverse range of tastes, body types, and cultural backgrounds. The brand's curated collections resonate strongly with modest designers, giving the company additional kudos to a more uniform ‘fast fashion’ market. Through its user-friendly website and mobile app, Modanisa offers customers a seamless shopping experience, enabling them to browse, purchase, and receive their orders with ease.

Growth and expansion

Modanisa's commitment to empowering modest fashion quickly positioned it as a market leader in Turkey and beyond. Eighty-five percent of sales are international. Modanisa works with seven logistics companies and 800 employees, and owns two warehouses in Poland and Istanbul. **Modanisa now ships products to 140 countries in 5 continents, and receives visits from more than 16 million users per month, with 200 million users per year.**

Revenue model

Modanisa’s revenue model comprises:

- **E-commerce Sales:** Modanisa generates the majority of its revenue through direct sales of modest fashion apparel and accessories on its online platform. By offering international shipping to over 140 countries, Modanisa taps into a global customer base.
- **Marketplace Model:** Modanisa operates as a marketplace, allowing third-party sellers to list their products on the platform, such as Anniesa Hasibuan, the first Indonesian to show at one of the official New York Fashion Week (NYFW) venues.
- **Subscription Services**: Modanisa offers a premium membership service that provides customers with benefits such as exclusive discounts, early access to sales, and free shipping.
- **Advertising and Sponsored Content**: By collaborating with fashion influencers and brands, Modanisa creates sponsored content and campaigns that are featured on its website and social media.
- **Private Label Products**: Modanisa develops and sells its own private label products and exclusive collections. These in-house brands often have higher profit margins compared to third-party products.
- **Seasonal Sales and Promotions**: Regularly hosting sales events, discounts, and promotions, especially during religious holidays like Ramadan and Eid, helps boost sales volumes and attract new customers.
- **Customer Loyalty Programs**: By implementing customer loyalty programs, Modanisa incentivizes repeat purchases.

Funding and financial performance

Modanisa has raised over $45 million over seven funding rounds in debt financing with participation from Goldman Sachs and Wamda Capital (who acquired a minority stake) and Saudi Telecoms Venture Capital. The founder exited the company in 2019 but continues to have a role.

Modanisa's ability to combine direct sales with a marketplace model, along with leveraging advertising, private labels, and subscription services, has established it as a prominent and financially successful entity in the modest fashion retail sector, with reported revenues of $120 to $150 million in 2023.

3. Key challenges

Convincing and nurturing manufacturing partners

- Ture recognised the untapped potential of modest fashion but manufacturers at the time believed that modest customers did not buy on the internet.
- He worked closely with them to test the market and prove the sales potential for new styles, patterns and colours.

4. Key drivers of success

Marketplace model

Turkey has a strong textile industry. By incorporating Turkey's strength in ready-to-wear fashion, Modanisa grew from 50 suppliers in 2011, to more than 850 suppliers, more than 80% of whom are women. Modanisa gave them the opportunity to create products and sell them beyond their community.

Dedication to quality, diversity, and inclusivity

The brand's dedication to quality, diversity, and inclusivity garnered widespread acclaim, fostering a loyal customer base and driving positive word-of-mouth. However the company notes there is more it can do to incorporate different body types and cultural styles from, for example, Malaysia and Indonesia.

Understanding Changing Demographics

Modanisa's success catalysed a broader movement in identifying a growing Muslim middle class which is looking for more distinctive and higher value goods. With Government support, Modanisa established the Modest Fashion Week held in London, Amsterdam, Jakarta and Dubai, with the aim to capture people's attention and convince local and international markets that “the purchasing power is undeniable.”

5. Wider context

Turkey maintains its position as a bridge between Europe and the Middle East / Asia and **Istanbul has sought to become an Islamic fashion capital**, an ambition that reflects the degree to which Turkish society has been reshaped over the last decade.

Investors, with government support (and some European Union support and investment), recognised the importance of small and medium-sized enterprises (SMEs) as drivers of economic growth and employment. **Various government initiatives and support schemes were implemented to assist SMEs**, including access to finance, business development services, and training programmes. These efforts aimed to enhance the competitiveness and resilience of SMEs, although the effectiveness and accessibility of support varied across different regions and sectors. Within fashion there is increased “transparency about their supply chain”, and thus a growth in more ethical and sustainable models (and associated responsible impact-driven investment).

Yet despite the availability of support schemes, **SMEs still face challenges such as limited access to credit, regulatory burdens, and market volatility.** Overall, while efforts were made to support SMEs, there remains room for improvement in ensuring a conducive environment for their growth and success.to market changes, and the smart adaptation of global best practices to local contexts.

6. Key learnings

By applying these key learnings, Modanisa has managed to carve out a strong position in the modest fashion market, achieving significant growth and establishing itself as a leader in the industry:

- **Understanding and Targeting a Niche Market:** Modanisa successfully identified and targeted the underserved niche market of modest fashion, catering to Muslim women who seek stylish yet conservative clothing. Understanding the cultural and religious values of its target audience was crucial for Modanisa, enabling them to design and market products that align with their customers' needs and preferences.
- **Leveraging Digital Platforms for Global Reach:** By prioritising online retail, Modanisa was able to reach a global audience, transcending geographical boundaries and tapping into a worldwide market of modest fashion consumers. Effective use of social media platforms for marketing and customer engagement helped Modanisa build a strong online presence and foster a loyal community.
- **Product Diversity and Quality:** Modanisa's extensive product range, from casual wear to formal attire, ensured that they could meet the diverse needs of their customers for various occasions. Ensuring high product quality helped in building trust and repeat business among customers.
- **Adaptability and Innovations:** Modanisa’s ability to quickly adapt to changing fashion trends and customer preferences helped them stay relevant in a dynamic industry. Investing in technology for better user experience, such as mobile-friendly websites and efficient logistics, was essential for their operational success.

7. Conclusion

Modanisa's journey exemplifies the growth potential of f**ocusing on the unique needs of underserved consumer segments.** By empowering modest dressers to embrace fashion on their own terms, Modanisa has played a pivotal role in reshaping the fashion landscape in Turkey and beyond. As the brand continues to innovate and expand its offerings, it remains at the forefront of the modest fashion movement, championing inclusivity, diversity, and cultural expression for all.

The modest fashion market is growing fast and it is diversifying to cater for the distinctive aesthetic and cultural traditions of communities across different global regions. **In Africa, there is significant room for growth which can – with the right investment and support mix – enable a local firm to gain significant market share, just as Modanisa has in Turkey and the wider region.**

6.8. Opio

1. Introduction

OPIO is an Egyptian fashion brand established in 2017 by Shady Mokhtar and Reem Abdellatif. **Starting as an e-retailer, the platform commissions white label designs of women's wear apparel from Egyptian manufacturers.** Designed for the 'women on-the-go, who want to look fashionable and timeless', it is known for its 'effortless and easy to wear style that can be worn from day to night'. In 2023, OPIO was acquired by The Fashion Kingdom (TFK), the leading curated fashion marketplace in Egypt, to create a powerhouse fashion group.

2. Company History and Evolution

Early days

Founded by Egyptians Shady Mokhtar, who holds an MBA from the University of Cairo, and Reem Mokhtar Abdellatif, who has a background in banking and a degree from the University of Cairo, the challenge for OPIO was to e**stablish itself as a purveyor of affordable fashion while honouring Egypt's rich textile tradition.**

In 2020 Opio participated in Flat6Labs Cairo, a startup accelerator in Egypt that supports and encourages entrepreneurs throughout the critical first steps of development. Opio were recognised for **capitalizing on Egypt's large infrastructure of garment manufacturers and young creative talents of designers, stylists, and marketers.**

Positioning in the Egyptian fashion industry

When OPIO entered the Egyptian market, the fashion industry was dominated by fast-fashion brands imported from Europe, India and China. Opio's garments' appeal is in their clean lines, subtle detailing, and soft quality textiles in various designs and styles. **The brand differentiated itself in the fashion industry through a commitment to sustainability and cultural authenticity.**

OPIO emphasises sustainability in its business practices. The company brings women's wear from local manufacturers, and markets, and distributes its own products without using middlemen, enabling customers to eliminate the hassle of researching brands and choosing from numerous options easily. The company draws on Egypt's large infrastructure of garment manufacturers and young creative talents of designers, stylists, and marketers, reducing reliance on imports to create contemporary fashion pieces. OPIO also focuses on creating positive social impact within Egypt. The company is committed to fair trade practices and supporting local artisans, which adds a dimension of ethical responsibility to its brand identity.

Revenue model

Opio successfully leverages both online and offline channels to maintain financial stability and achieve growth in the competitive fashion industry in Egypt.

- **Direct Sales through E-commerce:** Opio generates significant revenue through its online store (www.opioshop.com), where it offers a variety of women's fashion items.
- **Retail Partnerships and Pop-up Stores:** Opio has partnered with local retailers to sell their products in physical stores. For instance, they have showcased their collections in pop-up events in Cairo, providing an opportunity for customers to experience their products in person.
- **Exclusive Collections and Limited Editions**: Opio regularly launches exclusive collections and limited-edition items that cater to the latest fashion trends and seasonal demands. These collections often create a sense of urgency and exclusivity.
- **Collaborations and Influencer Partnerships**: Opio collaborates with local influencers and fashion bloggers to promote their products. This helps expand their reach and attract a wider audience.
- **Wholesale Distribution**: Opio distributes its products to other fashion retailers and boutiques across Egypt. This wholesale model allows them to reach more customers and increase sales volume.
- **Seasonal Sales and Promotions:** Opio runs seasonal sales and promotional campaigns to boost sales during key shopping periods such as Ramadan and Eid.
- **Custom Orders and Made-to-Measure Services**: Opio offers custom clothing services for special occasions, such as weddings and formal events. These bespoke services provide a personalised shopping experience and command higher price points, generating additional revenue.
- **Events and Fashion Show**: Opio participates in local fashion shows and events, such as the Cairo Fashion Festival, where they showcase their latest collections. These events increase brand visibility and drive sales through direct purchases and post-event online traffic.

Funding and Acquisition

Opio held a pre-seed angel round in 2018 and raised $2.6m with participation from AUC Angels, Flat6labs, and Yaseer El Khereji. **In 2023, the company was acquired by The Fashion Kingdom (TFK),** co-led by CVentures and A15.

The Fashion Kingdom (TFK), was launched in July 2020 by co-founders Fadi Antaki, Marianne Simaika and Karim Abd El Kader. It is the leading curated fashion marketplace in Egypt, offering access to fashion, beauty and home accessories, with a 360 value proposition for brands. It acquired direct-to-consumer (D2C) fashion brand Opio to create a powerhouse fashion group.

> *"We are creating an all-in-one ecosystem that combines OPIO's D2C expertise with TFK's marketplace infrastructure."*
>
> *-- Fadi Antaki*

The TFK's primary market focus is on Egypt and Saudi Arabia, selected for their extensive potential and large market size. Current figures from ecommerceDB indicate that Egypt boasts a $1.6 billion fashion e-commerce market, with projections showing a rise to $3 billion by 2027. In the same vein, Saudi Arabia's fashion e-commerce market value stands at $4 billion, anticipated to grow to $7 billion in 2027.

TFK explained it is **committed to developing and promoting locally grown fashion brands, unlike other fashion groups in the region that primarily rely on international franchises.** TFK aims to bridge the gap by creating culturally relevant and relatable brands for the region, reducing the reliance on imports.

> *"The MENA region deserves fashion brands that truly resonate with its diverse population. By building and acquiring brands from the region, we can provide authentic and relatable fashion brands that embody the taste, aspirations, and values of our MENA customers."*
>
> \- Fadi Antaki

3. Key drivers of success

Manufacturing Practices

OPIO differentiated itself by focusing on 'women on the go' whilst keeping all manufacturing and production within Egypt. OPIO's success also contributed to raising awareness about sustainable fashion practices in Egypt, inspiring other brands to adopt locally produced clothing. All orders continue to be shipped from Cairo.

Venture-Backed

The company raised a total of $354K in Venture Capital.

4. Key learnings

Opio has successfully navigated the competitive fashion industry in Egypt, building a strong brand presence and loyal customer base. Other businesses can learn from these strategies to enhance their own market positioning and growth by focusing on these key areas:

- **E-commerce and Digital Marketing:** Opio's focus on e-commerce demonstrates the importance of having a strong online presence. By developing a user-friendly online store and employing effective digital marketing strategies, Opio has been able to reach a wider audience. This approach not only drives significant sales but also caters to the modern consumer's preference for convenient, online shopping experiences. Utilising targeted social media campaigns, search engine optimization (SEO), and online advertising coupled with efficient distribution networks are crucial components in this strategy, enabling the brand to attract and retain customers.

- **Local Sourcing for Fast Fashion**: Opio effectively combines its fast fashion operations with local partnerships. The brand works closely with Egyptian and North African manufacturers for product sourcing and design. This enhances Opio's visibility and embeds local stakeholder relationships across the industry and for customers it harnesses the power of local pride.
- **Local Influencer Collaborations:** Collaborations with influencers from Egypt and the Arab-speaking countries have been a key aspect of Opio's marketing strategy. By partnering with well-known figures like Malak Badawi, with over 500k followers, Opio leverages their followers and credibility to expand its reach. Influencer marketing helps to attract new customers and drives sales through authentic endorsements. This approach builds trust and relatability, as potential customers are more likely to be influenced by recommendations from personalities they admire and follow.

5. Conclusion

OPIO highlights the resurgence of **locally produced affordable clothing, and the growth of marketplaces who are also moving away from imports and meeting the demand of consumers for locally produced relatable clothing.** The acquisition of OPIO by TFK illustrates a movement towards more conscious consumption within the fast fashion industry in Egypt and beyond. As OPIO continues to innovate and expand its reach, it remains a pioneer for a new generation of consumers who not only want fashion fast but authentic. This is highly relevant for the fashion sector in Sub-Saharan Africa.

6.9. Pocket Aces Pictures

1. Introduction

Pocket Aces Pictures, a pioneering digital entertainment company based in India, has transformed the country's media landscape with its innovative content strategies and digital-first approach. It was created to capitalise on the digital revolution in India by **producing relatable, engaging, and high-quality short form content for young, tech-savvy audiences,** reaching 50 million people per week and 700 million video views per month. By focusing on digital platforms, leveraging data analytics, and nurturing creative talent, Pocket Aces successfully addressed the evolving media consumption habits and preferences of modern Indian viewers. Today Pocket Aces a growing team of 120 members with offices in Mumbai, Delhi and Bangalore.

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2. Company History and Evolution

Early days

Founded in 2013 by Anirudh Pandita, Aditi Shrivastava, and Ashwin Suresh, Pocket Aces began as a **platform for creating and distributing digital content tailored to the preferences of Indian millennials.** The trio (all engineers raised in cities in the Middle East) left their finance jobs in New York City in 2011 to pursue their passion in India. Suresh worked with Reliance for three years and then with TOI, setting up Junglee Pictures. Shrivastava, who dabbled in asset management at Goldman Sachs, worked for five years in the social development sector. Pandita, a Wharton B-school alumnus moved to India later to join the duo.

Positioning

By focusing on digital platforms, leveraging data analytics, and nurturing creative talent, Pocket Aces **successfully addressed the evolving media consumption habits and preferences of modern Indian viewers.** With the proliferation of smartphones and affordable internet, there was a significant shift in how Indian audiences consumed media. Traditional television and films were giving way to digital platforms like YouTube, Facebook, and OTT (Over-the-Top) services. Audiences were increasingly looking for quick, engaging, and relatable content that they could consume on-the-go, something that traditional media was not fully catering to.

There was also a growing need for content that reflected the real lives, aspirations, and challenges of young Indians, something that mainstream media was not always capturing. Pocket Aces aimed to **create high-quality web series and digital content that could cater to niche audiences but with universal appeal.** Leveraging data analytics to understand audience preferences and content performance, allowing for more targeted and efficient content creation.

> “ *Our mission is to make the world happier by creating meaningful and impactful content.“*
> - Ashwin Suresh

Pocket Aces diversified into various content verticals like Dice Media (web series), FilterCopy (short-form videos), Gobble (food content), and Loco (gaming and live streaming), ensuring a broad reach across different interest areas. Creating opportunities for brand integrations and sponsorships within content, Pocket Aces launched new revenue streams beyond traditional ad revenue.

The company also provided a platform for emerging writers, directors, and actors to showcase their work, thus nurturing new talent in the digital entertainment space and allowing for more creative freedom and experimentation compared to traditional media.

Revenue model

Pocket Aces' revenue model effectively integrates content creation, digital platform monetization, strategic brand partnerships, and innovative marketing approaches, showcasing their leadership in the evolving landscape of digital entertainment in India. The company has over 200 brand partners and their content reaches 50 million people per week with 700 million video views per month.

- **Branded Content and Advertising:** Pocket Aces collaborates with brands to create engaging content. For instance, they partnered with Tinder for "Little Things", a popular web series that seamlessly integrated the brand's messaging into the storyline. Revenue is generated through production fees and brand sponsorships integrated into the content.
- **Content Licensing and Distribution:** Pocket Aces’ web series such as "Little Things" and "What The Folks" have been licensed to major platforms such as Netflix and Amazon Prime Video, earning revenue through upfront licensing fees and royalties based on viewership.
- **Digital Media Platforms**: Pocket Aces' platforms like Dice Media host popular web series such as "What The Folks," attracting significant viewership on YouTube. They monetize through ad revenue sharing with the platform and sponsorships within the videos.
- **Brand Partnerships and Sponsorships:** Through its channel FilterCopy, Pocket Aces collaborates with brands like Myntra for videos that integrate fashion and lifestyle products seamlessly. Revenue is earned from fees for brand integrations and sponsorships.
- **Merchandising and Licensing:** Successful IPs like "Little Things" have spawned merchandise such as books and collectibles, generating additional revenue through merchandise sales and licensing agreements.
- **Live Events and Experiences:** Pocket Aces organises fan events and screenings for their series, such as fan meet-ups and special screenings for "What The Folks," which generate revenue through ticket sales, sponsorships, and merchandise.
- **Content Production Services:** Pocket Aces offers production services to external clients, exemplified by their work with brands like Cadbury to create engaging video campaigns, earning revenue through service fees.
- **Influencer Marketing and Talent Management:** Through its network of content creators and influencers, Pocket Aces manages influencer campaigns and talent endorsements, generating revenue through management fees and sponsored content collaborations.
- **Data and Analytics:** Pocket Aces provides brands with insights into viewer behaviour and engagement through their digital platforms, offering data-driven consultancy services that contribute to revenue through subscription fees and consulting engagements.

Funding and Acquisition

Pocket Aces raised about $20 million over the years and counts Peak XV and 3one4 Capital among its early investors. In 2023, Indian music label **Saregama acquired a 51.82% stake** in an all-cash deal worth $20 million. It also announced plans to invest an additional $1.8 million into the startup.

> *"Acquiring Pocket Aces will add on a whole new dimension of IP and a distribution network of over 95 million followers, which Saregama will leverage to further popularize its music library among the 18-35 audience segment. It will also create synergies across the artiste & influencer management and long-format video creation businesses of the two companies."*
>
> \- Saregama

3. Key challenges

Traditional media dominance

- India's entertainment industry was predominantly dominated by traditional media outlets such as television and cinema.
- Pocket Aces faced the challenge of carving out a space for itself in this competitive landscape and capturing the attention of digital-savvy audiences.

Monetisation in the digital space

- Monetising digital content posed a significant challenge, especially in an environment where viewers were accustomed to free or low-cost access to entertainment.
- Pocket Aces needed to devise innovative monetization strategies to sustain its operations and achieve profitability.

Content Relevance and Engagement

- With rapidly changing consumer preferences and evolving digital trends, maintaining relevance and engagement poses ongoing challenges.
- Pocket Aces has had to continually innovate its content offerings to captivate audiences and stay ahead of the competition.

4. Key drivers of success

Multi-Platform Distribution

Recognising the importance of multi-platform distribution, Pocket Aces strategically leveraged popular social media platforms such as YouTube, Facebook, Instagram, and Snapchat to reach a wide audience. Each platform was utilised to its fullest potential, with content optimised for specific formats and audience demographics.

Data-Driven Content Creation

Pocket Aces leveraged data analytics to gain insights into audience preferences, viewing behaviours, and content consumption patterns. This data-driven approach informed content creation decisions, enabling the company to produce highly engaging and shareable content tailored to the interests of its target demographic.

Branded Content Partnerships and Acquisitions

Pocket Aces collaborated with brands to create branded content that seamlessly integrated product placements and brand messaging into its storytelling. In 2017, they became the first Indian digital content player to enter the China market by partnering with Web TV Asia to launch content on Alibaba-owned Youku Tudou. They then acquired an adjacent company Loco India - a leading gaming streaming platform. These partnerships not only provided additional revenue streams but also allowed brands to connect with consumers in authentic and meaningful ways.

Monetisation through Licensing and Syndication

In addition to advertising revenue, Pocket Aces explored alternative monetisation avenues such as licensing content to other platforms and syndicating its shows to international markets. This diversified revenue streams and enhanced the company's financial sustainability.

5. Key learnings

- **Investing in original content with innovative content attracts and keeps audiences:** Pocket Aces' investment in creating original, relatable content for young Indian audiences set it apart from traditional media. This strategy not only attracted a dedicated viewer base but also ensured high engagement and loyalty across its platform. Coupled with innovative storytelling techniques, including web series, short videos, and interactive content, kept audiences engaged. This creative approach differentiated the company from traditional media houses.
- **Strategic use of digital platforms with data-driven content creation enhances relevance & drives growth:** By leveraging digital platforms, Pocket Aces was able to reach a vast audience quickly and cost-effectively. This strategic use of digital media enabled the company to tap into India's growing online user base and expand its reach. Pocket Aces' use of data analytics to understand viewer preferences and trends played a key role in creating content that resonated with its audience. This data-driven approach ensured that the content was always relevant, engaging, and timely.

- **Diversifying revenue streams ensures financial stability:** By diversifying its revenue streams through branded content, sponsorships, merchandise, and IP licensing, Pocket Aces reduced its dependency on any single source of income. This financial strategy ensured stability and growth centred around a community-building strategy that enhanced viewer loyalty and word-of-mouth promotion.

6. Conclusion

Pocket Aces Pictures cleverly utilised digital media to reshape India's entertainment landscape. Through its data-driven approach, multi-platform distribution strategies, and innovative content initiatives, Pocket Aces has not only captured the hearts of audiences but also r**edefined the rules of engagement in the digital entertainment space**. As the company continues to evolve and expand its offerings, it remains at the forefront of India's digital entertainment revolution, inspiring creativity and driving industry innovation. This collective value proposition has driven growth and attracted significant investment.

By learning from Pocket Aces' strategic decisions and initiatives, other companies in the digital content and media industries can understand the importance of original content creation, strategic use of digital platforms, brand building, data-driven content creation, collaborations, revenue diversification, innovative storytelling, community building, local content relevance, adaptability, and the smart adaptation of global best practices to local contexts.

6.10. VNG Corporation

1. Introduction

VNG Corporation was founded in 2004 by Le Hong Minh and a group of friends. **Initially established as a startup focusing on online gaming, VNG has now become a leading technology company in Vietnam.** It has expanded its portfolio to include a diverse range of digital products and services, including social networking platforms, e-commerce solutions, and digital content. VNG is perhaps Vietnam's first creative unicorn, although its IPO process is stalled as of January 2024.

2. Company History and Evolution

Early days

The journey of VNG (formerly Vinagame) started with Le Hong Minh. **To satisfy his gaming hobby,** Minh and four friends established a small internet cafe. In 2004 he quit his job at VinaCapital, one of the biggest investment fund management companies in Vietnam and founded Vinagame with $955,400 (VND15 billion).

> *I was very Zaloga passionate about computer games. And the reason why I founded VNG back in 2004 was to have a game company. That was the original reason."*
>
> - Le Hong Minh

Growth and expansion

In June 2005, Vinagame signed a contract with Chinese tech giant Kingsoft to bring the game "Swordman Online" to Vietnam, paving the way for the era of massive multiplayer online role-playing game (MMORPG) in Vietnam. In 2006, Vinagame's revenue reached $17 million. **To date, the entire system has released over 170 games covering more than 40 markets. Renamed VNG, it is considered Vietnam's first unicorn - a startup valued at $1 billion plus.**

VNG has now become a leading technology company in Vietnam. It has expanded its portfolio to include a diverse range of digital products and services, including social networking platforms, e-commerce solutions, and digital content. Its focus is on four main businesses, including online games, platforms, digital payments, and cloud services. VNG is responsible for the development of products such as Zalo, ZaloPay, Zing MP3, and 123phim.

Revenue model

Despite the original focus on one revenue model, game licensing, VNG today has a diversified revenue stream across a diverse portfolio including gaming, social media, payments, and cloud services reducing their dependency on any single segment. However, gaming still contributes 70-80% of VNGs revenue.

- **Freemium Gaming Model:** VNG offers a variety of games for free, attracting a large user base. Revenue is also generated through the sale of virtual goods, premium features, and in-game currency. Some games offer subscription-based models for exclusive content and benefits.
- **In-Game Advertising**: VNG incorporates advertisements within its games, earning revenue from ad impressions and clicks. VNG collaborates with advertisers to create branded in-game experiences, adding another layer of monetization.
- **Social Media and Communication:** VNG's social media and messaging platform generates revenue through advertisements, in-app purchases, and premium services. Zalo also facilitates business communications, adding to its revenue streams.
- **Payment Solutions**: With over 14 million users, the mobile payment service earns revenue through transaction fees, partnerships with merchants, and value-added financial services.
- **Cloud Services:** VNG provides cloud computing services to businesses, charging for data storage, processing, and other cloud-based solutions.
- **Licensing and Partnerships:** VNG licences popular international games for the Vietnamese market and earns income through revenue-sharing agreements. Partnerships with global companies for the co-development and distribution of games and digital content contribute to the revenue.

> “ *We were profitable in the first year. Very lucky. What can I say? We rolled the business, we were very young. We launched more games, we entered the web business. We did an online portal, music, e-commerce, social networking. We do game development, trying many new things and have been successful in a few things."*
>
> \- Le Hong Minh

Funding and delayed Nasdaq IPO

VNG was seeded thanks to an initial friends and family round of $955,000, before raising a Series A from IDG Ventures in 2005. **In 2023, VNG listed on UPCoM, a local exchange in Vietnam.**

The same year, company **filed for an IPO on the Nasdaq Global Select market**, aiming to raise $150 million. However, VNG faced delays in its listing due to a lack of investor readiness for an Asian tech IPO and withdrew its listing. In 2023 VNG listed on UPCoM, a local exchange in Vietnam. Current shareholders including the Chinese giant Tencent and Singapore state investor Temasek.

3. Key challenges

Early partnerships

- VNG has succeeded with the first mover advantage within the Vietnamese gaming and digital experience space, but this was dependent on securing the right international partners / investors. When launching, VNG initially approached Korean companies like MU Global to licence the games and translate them into Vietnamese but was rejected.
- The company then approached the next best alternative games created in China and Japan and this is where it found success.

Cash flow and capitalisation

- VNG faced typical cash flow and capitalisation barriers and had to pivot considerably to optimise their business model.
- This meant diversifying from their gaming passion to a range of other digital services.

4. Key drivers of success

Local Understanding

VNG differentiated itself by understanding the unique needs and preferences of Vietnamese gamers and tailoring its products and services accordingly. The company initially began licensing Chinese games and translating them into Vietnamese, before hiring Vietnamese gamers to develop locally relevant content.

Domestic & International Partnerships

VNG fostered strategic partnerships with domestic and international stakeholders, leveraging collaborations to expand its reach and capabilities. For example, in Japan, VNG works with DeNA and in China, VNG works with Tencent and Sina Weibo.

Diversification

By pioneering digital innovation, VNG organically established itself as a dominant player in Vietnam's digital ecosystem. The company's flagship products, such as Zalo (a messaging app), Zing MP3 (a music streaming service), and Zing TV (a video streaming platform), became household names, attracting millions of users and driving strong revenue growth.

Timing

VNG's success is also due to its lucky time-to-market, capturing first-mover’s advantage when streamed gaming was still in its infancy but on the brink of massive growth.

5. Key learnings

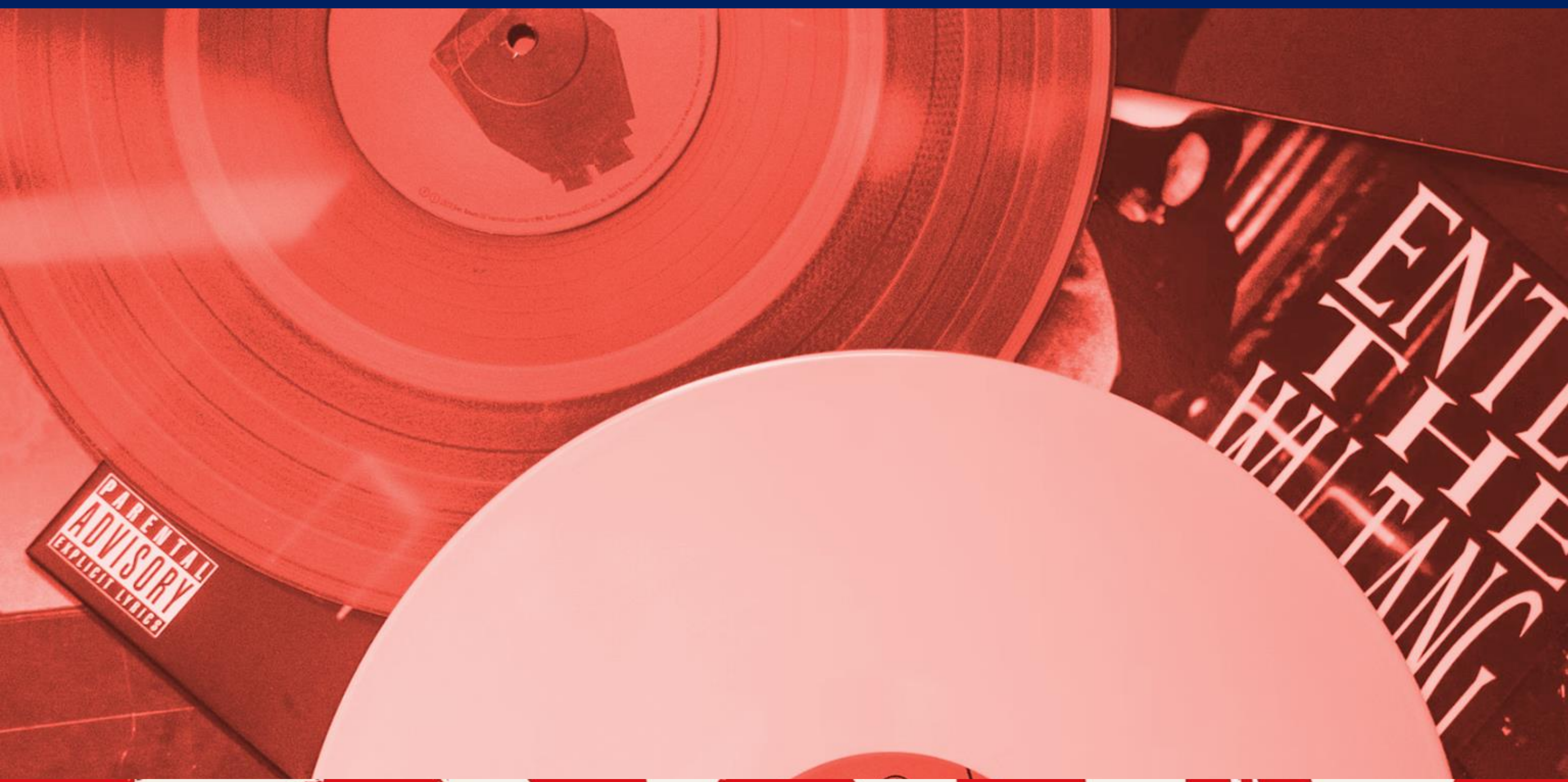
- **Leveraging Local Market Insights:** VNG's deep understanding of the Vietnamese market allowed it to develop and localise games that resonated well with local users. By prioritising content that reflected local culture and interests, VNG gained a competitive edge over international competitors..
- **Strategic Partnerships and Alliances:** VNG formed strategic partnerships with international gaming companies such as Tencent and Kingsoft. These alliances allowed VNG to licence popular games, bringing globally successful titles to Vietnam and adapting them for the local market..
- **Diversification of Product Offerings**: VNG diversified its product offerings beyond gaming into social media (Zalo), payment solutions (ZaloPay), and cloud services. This diversification helped mitigate risks associated with the gaming industry and provided multiple revenue streams. The creation of an integrated digital ecosystem also allowed VNG to cross-promote its services, enhancing user experience and increasing customer lifetime value.

6. Conclusion

VNG Corporation's journey illustrates the transformative power of understanding your users and harnessing digital innovation in emerging markets. **When VNG entered the market, Vietnam's digital landscape was still in its nascent stages, with limited internet penetration and infrastructure. The opportunities and inherent challenges for VNG was to address the gaps left open by international players.**

The success of VNG as a leading Vietnamese gaming and digital services company offers valuable insights into leveraging local market knowledge, forming strategic alliances, diversifying product offerings, and focusing on innovation and user experience to become a trailblazer in Vietnam's digital landscape. This led to its strong market position and dominance in the Vietnamese market and successful expansion into other Southeast Asian markets driving steady revenue growth. Continuous investment in R&D, talent acquisition, and infrastructure contributes to robust financial performance and profitability. As VNG continues to innovate and expand its reach, it remains poised to shape the future of technology and entrepreneurship in Vietnam and beyond.

Other Notable Companies



7. Other Notable Companies

This study's selection criteria excluded some notable African CCI companies, which nevertheless should be highlighted.

1. Fast growing tech startups

The African continent counts a small number of prominent CreaTech startups that have demonstrated fast growth and the ability to raise VC funding. However, as these companies have not yet provided an exit to their investors or established a sustainable and profitable business model, they could not be included in our study. They include:

Carry1st: Carry1st, founded in 2018, is a leading mobile games publisher focused on the African market. Its business model integrates game publishing with a localized approach, providing culturally relevant content that resonates with African gamers. Carry1st targets a youthful, tech-savvy audience across the continent and monetizes through in-app purchases, digital payments, and advertising. The company has also developed its own digital wallet to facilitate seamless transactions. Carry1st's growth strategy involves partnering with global game developers to localize and distribute popular games while investing in homegrown talent to create original content. The company has successfully raised over $27 million in funding, including a $20 million Series A round in 2022, led by Andreessen Horowitz, to support its expansion and product development. By leveraging mobile internet penetration and the rising demand for digital entertainment in Africa, Carry1st aims to become the go-to platform for gaming and digital commerce on the continent.

ANKA: ANKA, formerly known as Afrikrea, is a digital marketplace founded in 2016 that connects African artisans and designers with global consumers. Its business model operates on a commission basis, charging sellers a fee for transactions made through the platform. ANKA targets a niche market of consumers interested in unique, handmade African goods, including fashion, accessories, and home decor. The platform generates revenue from transaction fees, premium seller memberships, and additional services like shipping and marketing support. ANKA's growth strategy focuses on expanding its seller base, enhancing logistics and payment solutions, and building a strong brand presence in key international markets. ANKA has raised over $6 million in funding, including a $6.2 million pre-Series A round in 2021, led by Investisseurs & Partenaires (I&P), to enhance its technology and scale its operations. By fostering a supportive community for African creatives and providing them with the tools to reach a global audience, ANKA aims to become the leading online destination for African craftsmanship.

Wowzi: Wowzi, established in 2020, is an innovative influencer marketing platform that connects brands with micro-influencers in Africa. The company's business model revolves around leveraging data-driven insights to match influencers with the right campaigns, ensuring high engagement and authenticity. Wowzi targets both local and international brands looking to tap into the African market through social media. Revenue streams come from fees charged to brands for campaign management and influencer matchmaking services. Wowzi's growth strategy includes expanding its influencer network, enhancing its technology platform for better analytics and campaign tracking, and forging strategic partnerships with major social media platforms. The company has raised over $3 million in funding, including a $2 million seed round in 2021 led by 4DX Ventures, to accelerate its technology development and market reach. By capitalizing on the increasing influence of social media and the unique cultural nuances of the African market, Wowzi aims to redefine influencer marketing on the continent, helping brands achieve impactful and measurable results.

2. Fashion labels producing and selling outside Africa

Another category of companies that had to be excluded from the main analysis are successful fashion labels started by African entrepreneurs that do not manufacture on the continent or have Africa as their main target market.

Andrea Iyamah, founded by Nigerian designer Andrea Dumebi Iyamah in 2011, is probably the most prominent company in this category. A globally recognized fashion label celebrated for its vibrant, culturally inspired designs, Andrea Iyamah boasts annual revenue of over $6 million. However, it manufactures its products in Asia and mostly sells in North America. The brand operates on a direct-to-consumer business model, primarily selling through its online store and select high-end boutiques worldwide. Andrea Iyamah targets fashion-forward women who appreciate unique, bold, and sophisticated pieces, with a product range that includes swimwear, ready-to-wear, and bridal collections. Revenue streams are driven by online sales, seasonal collections, and custom designs for special events. The brand's growth strategy focuses on expanding its product lines, increasing its digital footprint, and enhancing customer engagement through social media and influencer collaborations. Andrea Iyamah has gained significant media attention and a loyal customer base, including celebrities who have worn its designs on red carpets and in major fashion magazines.

ANDREA IYAMAH

Other successful fashion brands started by Africans that do not have Africa as main production hub or sales target are **Ofuure** and **Diarra Blu**, both showing annual revenue of over $1 million.

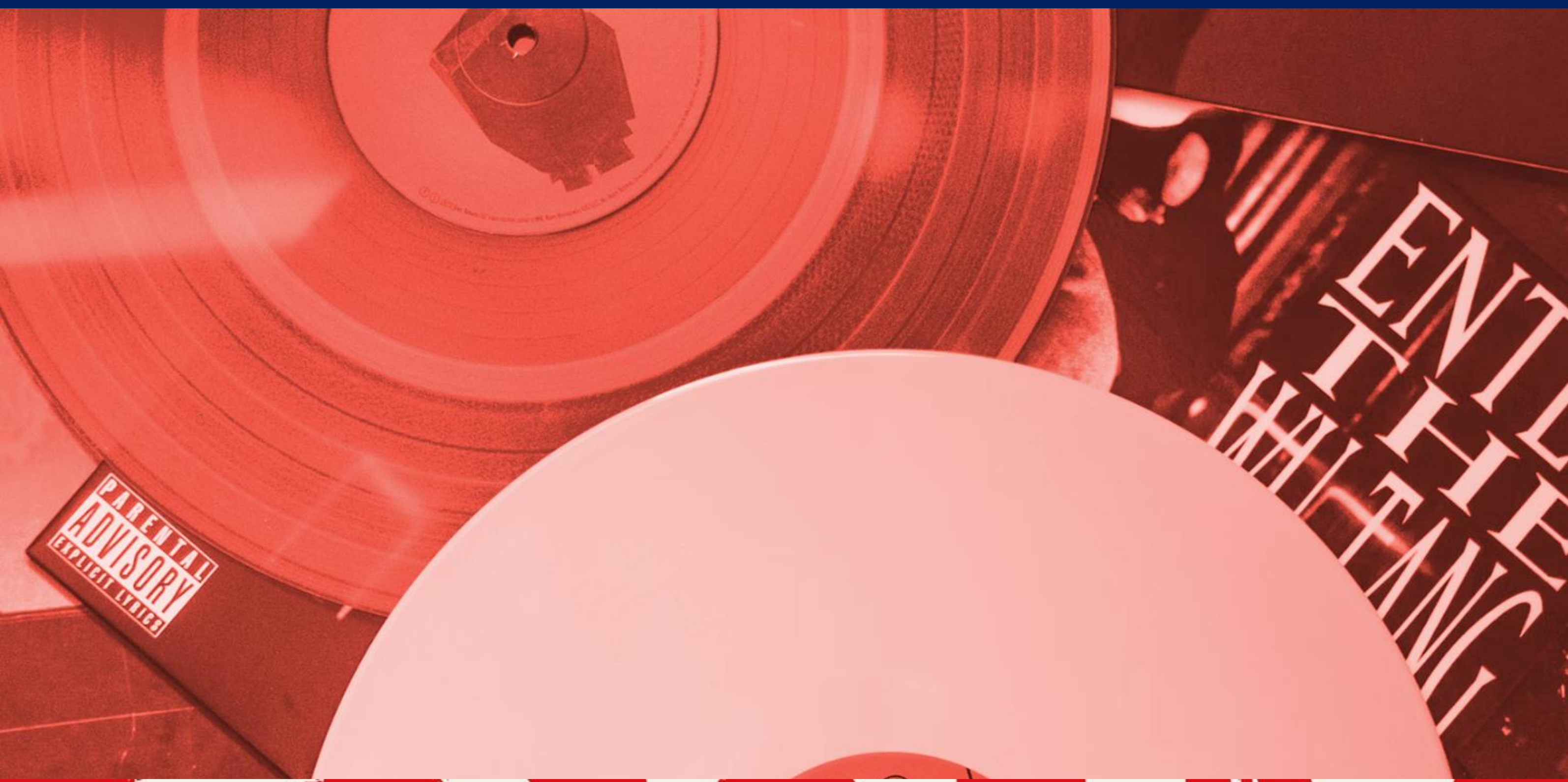
The commercial performance of these "diaspora labels" contrasts with the one of the brands operating on the African continent, which show much more modest revenues of around $200,000 to $400,000/year on average.

The dichotomy between the success of African fashion brands producing in Asia and selling in North America versus those operating solely within the African continent highlights several critical factors influencing profitability and market reach. Firstly, the production in Asia leverages lower manufacturing costs and highly efficient supply chains, enhancing profit margins for brands like Andrea Iyamah. Additionally, targeting the North American market taps into a larger, more affluent consumer base with a high demand for unique, culturally rich designs, which African brands can authentically offer. In contrast, African brands producing and selling within the continent face substantial challenges, including limited access to high-quality manufacturing infrastructure, higher production costs, and a smaller consumer market with lower purchasing power. Logistical challenges and underdeveloped retail ecosystems in many African countries also hinder scalability and distribution efficiency.

The example of the fashion sector highlights the fact that, while the cultural and creative prowess of African designers is undeniable, the strategic decision to produce in Asia and sell in North America significantly amplifies their commercial success, **underscoring the need for infrastructural and economic advancements within Africa to bolster local market potential**.

08

Key Learnings



8. Key learnings

As the previous case studies have shown, the creative sectors in emerging markets like Africa, the Middle East, Asia, and Latin America are rich with growth opportunities. Each of the companies studied has carved out a unique path to success, leveraging local cultural assets, adopting innovative business models, and overcoming various challenges. **The comparison between case studies from Africa and from Other Emerging Markets reveal several key differences in business models, level of technology adoption, and access to capital**. Another interesting difference is the relatively low profile of the Emerging Market success stories in social media and wider media, while in Africa, success stories, albeit more modest in size, have higher levels of exposure and are widely celebrated.

This section synthesizes key insights derived from the 22 case studies, with the goal to provide valuable lessons for both investors and entrepreneurs. For investors, these learnings highlight strategies to identify and support high-potential ventures in the Creative and Cultural Industries. For entrepreneurs, they provide a framework to assess and enhance business models, ensuring alignment with market trends and technological advancements.

African Case Studies	Emerging Markets Case Studies
1. Founders with Global Exposure Founders who have international experience tend to drive more successful businesses within the African CCIs. FilmHouse, ROK Studios, Kana TV, Marodi TV, Africori and Mdundo all have diaspora or foreign founders, for example. These founders often possess advanced business and communication skills, which they have honed through exposure to diverse markets and professional environments. For instance, founders with experience working or studying abroad bring a global perspective to their ventures, enabling them to innovate and implement best practices that may not be prevalent locally. Additionally, their wider network of international contacts is instrumental in accessing new markets, establishing partnerships, and securing funding. Finally, their global exposure and reputation has the effect of reducing perceived risk from investors.	**1. Bringing a world of experience with them** Similarly, all the Founders in the emerging markets case studies have international experience, whether through education or work history. These founders take their global experiences and reinterpret their industry within their home countries. In the case of A Fabrica and Pocket Aces, for example, they also bring with them the distribution partners and clients, relationships they nurtured outside of their home country but with an interest in scaling and emerging market penetration. A clear example is Megastar, which worked with the American Cineplex to bring multiplex cinema to Vietnam.
2. Longevity is Key Successful businesses in the African CCI (such as Triggerfish, FilmHouse, Mavin, Chocolate City, Mdundo) tend to have demonstrated a workable business model for at least a decade, underscoring the importance of longevity. The lack of infrastructure in many African countries means that building a business to scale takes considerable	**2. Hockey Stick Growth Potential** Unlike the African Case Studies, 6 out of the 10 companies identified in the Other Emerging did not operate for longer than 5 years before seeking or securing investment. Apart from Abraham and Thakore, Loto Del Sur and Kama Ayurveda, all Other Emerging market examples were in business for less than 10 years before

African Case Studies	Emerging Markets Case Studies
time. These businesses must often be involved in every step of the value chain—from production to distribution—to ensure quality and control. Investors should, therefore, adopt a longer-term perspective, targeting companies with a 10-15 year investment horizon, recognizing the extended timelines needed to navigate infrastructural and market challenges.	investment. They evidenced their investability and scalability based on either past business acumen (Grow Commerce), manufacturing capabilities (Opio) or market and audience engagement strategy and sales potential (A Fabrica and Modanisa). However, it must be noted that the longevity of the 3 companies with little outside investment for 12-26 years (Abraham and Thakore, Loto Del Sur and Kama Ayurveda) illustrated to investors their authenticity, strength of their operations, and enormous market potential.
3. SMEs vs. Startups In the African CCI, successful companies are more likely to be traditional businesses which are not solely technology-enabled or born in the digital age. Indeed, the majority of these businesses, such as production companies, record labels or fashion brands, fall within the small and medium-sized enterprises (SMEs) category, and do not fit the tech-native startup profile that venture capital (VC) typically targets. These businesses are better suited to forms of financing that prioritize profitability and stable growth over high risk/high return, meaning that bank loans or private equity (for the larger companies), are often more appropriate than venture capital. This suggests a need for more innovative financing approaches tailored to the needs of SMEs in the CCI.	**3. Start-up Mindset** In comparison to the African case studies, the majority of Emerging Markets case studies illustrate a start-up mindset, establishing a proof of concept, developing and iterating quickly. We can also observe a predominance of digital content and ecommerce platforms that can scale. Pocket Aces (India) and VNG (Vietnam) primarily focus on digital content creation and distribution, leveraging mobile internet penetration and digital advertising. Apparel businesses like Modanisa (Turkey) and Abraham & Thakore (India) utilize e-commerce platforms extensively, capitalizing on the growing online retail market. They often integrate advanced logistics and supply chain management systems. Finally, companies like Kama Ayurveda (India) and Loto del Sur (Colombia) emphasize natural and organic products, often integrating traditional knowledge with modern marketing and distribution channels.
4. Incomplete Digital Transition On the other hand, the incomplete digital transition in the African CCI represents both a challenge and an opportunity. The arrival of new technologies, such as AI, can significantly aid in streamlining production, enhancing distribution, diversifying markets and expanding sales. Companies which can effectively leverage these technologies - as Mavin Records (Nigeria) or Mdundo (Kenya) have shown - stand to gain a competitive edge. Indeed, such companies are able to widen their reach and impact and generate a richer mix of revenue streams than businesses with limited digital capacity.	**4. Utilizing technology to engage new audiences** In other Emerging Markets, companies in India, Vietnam, and Turkey often show higher levels of technology adoption, utilizing advanced e-commerce platforms, digital marketing, and big data analytics. Pocket Aces (India) and Grow Commerce (Indonesia) are leveraging AI, machine learning, and other advanced technologies to drive engagement and operational efficiency. They also use technology to engage new audiences. Modanisa introduced the ability to shop for burkas and head-scarves online and quickly, whilst upholding their customers' religious and traditional values. VNG (Vietnam) leveraged mobile technology to address an underserved audience and achieve unicorn status.

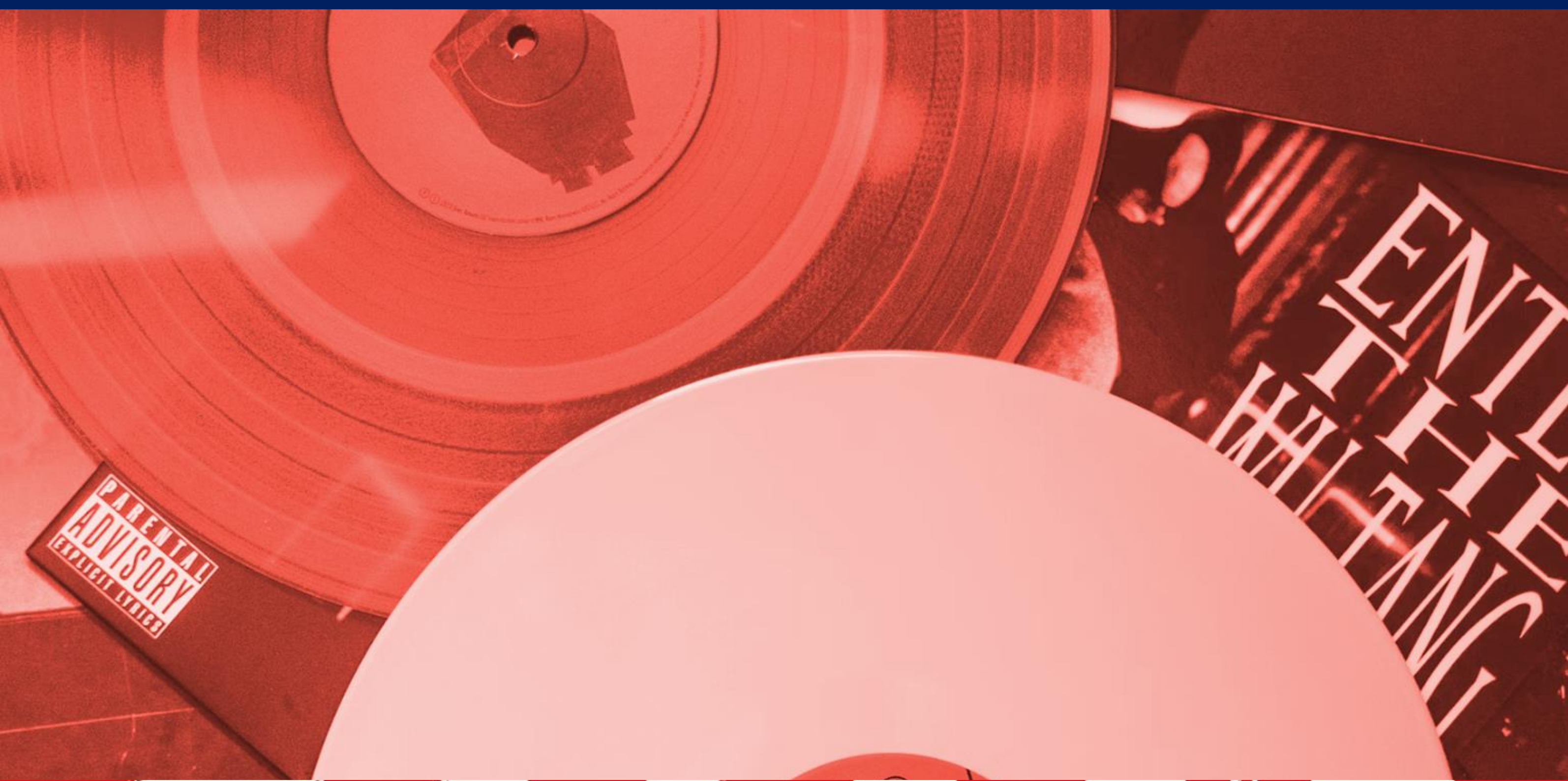
African Case Studies	Emerging Markets Case Studies
5. Diversification of revenue streams For CCI companies in African markets, diversifying revenue streams is not just a strategy for growth but a necessity for sustainability. It helps mitigate risks associated with economic volatility, political instability, currency fluctuations, and inconsistent regulatory environments. It also opens up new markets. Consumer preferences in creative sectors can also be highly dynamic and unpredictable, and as technology evolves, so do the ways in which creative content is consumed. Companies that diversify their revenue streams can leverage various platforms (physical and digital) and technologies to reach different audiences. Having multiple sources of revenue also contributes to greater financial stability and resilience, especially in a context of high production costs and uncertain returns on investment. Finally, revenue diversification encourages companies to explore new business models and innovate, potentially leading to the discovery of new opportunities and the development of unique products or services that can drive growth. For example, a content company might expand into related areas like gaming.	**5. Narrow diversification of revenue streams** The diversification of revenue streams is comparable to the African case studies. For example, the fashion and beauty companies have both online and offline stores and the digital content and production companies create for multiple digital platforms. With the exception of Grow Commerce, which manufacture clothes (production) and operate brand platforms (distribution), the other case studies typically differentiate their revenue streams only within their sector and segment of the value chain, illustrating the existence of stronger supporting infrastructure in these markets compared to African markets.
6. Importance of Foreign Sales Most domestic markets in Africa are small and faced with challenges such as limited local spending power, intellectual property (IP) infringement, currency fluctuations and macroeconomic issues. This means that African CCI companies often need to expand regionally or globally early in their development in order to reach a large enough customer base. For many African CCI companies, servicing (Triggerfish) or exporting to foreign markets has to be a crucial part of a sustainable growth strategy. Music companies like Mavin Record, Chocolate City and Africori make most of their revenue from the sale of African music on foreign markets, for example.	**6. Local brands with large affluent diaspora** All Emerging Market companies focused on their local market as the first sales target, and their diaspora as a secondary market. However, in many cases the secondary market is far larger than the primary target market and provides a clear path for expansion. For example, more than 60% of Modanisa's sales come from the USA. Egyptian fashion brand Opio was acquired by TFK, with a focus on expansion into the MENA Region. Puig, which acquired both Loto Del Sur and Kama Ayurveda, cites international expansion into Spanish-speaking countries and the India diaspora respectively as key reasons for the acquisitions.
7. Self-Made Successes The lack of both public support and access to funding over the past decade means that many African CCI companies studied, such as Chocolate City, Marodi TV or Christie Brown, are self-made successes. Only a few, such as Triggerfish and FilmHouse, have benefited from industry support schemes. However, the recent launch of various	**7. Access to Capital** Other regions show a generally better access to capital, with startups like Pocket Aces and VNG having attracted significant investments from both local and international investors. Countries like India and Vietnam also benefit from more robust government support for CCI through grants, subsidies, and favourable policies.

African Case Studies	Emerging Markets Case Studies
CCI policies and programs foreshadows a very different situation 5 or 10 years from now, once these initiatives have been fully deployed and their benefits integrated into the ecosystem. The opportunity now is to leverage a new era of policy commitment to enhance the ecosystem so that CCI entrepreneurs' route to success is not only to go it alone, but to collaborate and benefit from government support.	
8. IP Challenges Limit Revenue The prevalence of piracy and ineffective copyright enforcement in Africa poses a major challenge for the CCI. This results in substantial revenue losses, making it difficult for companies to attract investment. For example, despite its success in the cinema industry, FilmHouse faces significant revenue losses due to widespread piracy. The lack of effective copyright enforcement means that many films are illegally copied and distributed, severely undermining potential earnings. Additionally, the inability to securitize intellectual property limits access to finance. For example, a movie producer who could potentially use future sales from an existing IP to secure a loan cannot do so due to the lack of a structured IP securitization framework (the process in which an IP-based product is turned into a financial security that is holding all rights to the exploitation of that IP). Addressing these IP challenges is crucial for enhancing revenue potential and investor interest in the sector. There is also an associated need to build the IP literacy of CCI entrepreneurs - so they are better versed in identifying where the IP value lies in their company, how to protect, and to leverage it.	**8. Better IP Regulation and Literacy** Piracy continues to be a sector agnostic problem affecting companies all over the world. However, CCI companies in Other Emerging Markets demonstrate a sharp understanding of their IP assets and how to leverage them for growth and investment. This is in part due to stronger IP training, the presence of specialist IP lawyers, and the relative robustness of IP regulation, including enforcement and public education.
9. Foreign Investment means loss of Local IP ownership Global strategic investors, such as Canal+, Universal Music Group (UMG), and Warner Music, often seek to build market share rather than nurture local businesses. While foreign investment brings essential capital and expertise, it often results in the loss of local control over valuable intellectual property.	**9. IP ownership - a balancing act** Leakage of IP value was more of an issue in the early funding stages - with businesses facing a dilution of their ownership of IP and / or relinquishing control to access finance. However, in most cases, further stages of investment enabled businesses to build and grow ownership of their IP, especially as investment enabled the development of new IP which could be 'on-shored' in each

African Case Studies	Emerging Markets Case Studies
This can erode cultural heritage and limit the ability of African companies to build long-term value within their local economies. It's crucial for African CCI companies to find a balance between attracting foreign investment and retaining ownership and control of their IP. This could involve strategic partnerships that allow for shared ownership or seeking investment from entities that prioritize nurturing local businesses.	expanding CCI firm. In other words, loss of IP at an early stage can be part of the trade off to build new IP as the business scales.
10. Lack of Funding Leads to Premature Exits The scarcity of funding for African CCI companies often forces them into premature exits via acquisitions by foreign entities, as the Africori, Marodi TV, and Kana TV examples show. This can prevent these companies from fully realizing their potential and generating maximum value locally. Limited access to finance stunts growth and innovation, making acquisitions by foreign strategics a seemingly attractive option. However, these premature exits can result in limited value generation and prevent the full potential of these companies from being realized within the local context.	**10. Growth at all costs** The opposite dynamic appears to be true in the case of the Emerging Markets case studies. The companies which received the lowest seed stage funding operated for longer periods of time - for example Abraham and Thakore has the lowest recorded investments at $826k and operated for over 30 years before an exit. While limited access to finance stunts growth and innovation, early investment enables “hockey stick” growth (i.e. strong growth in a short period of time). The ability of Emerging Market companies to access financing led to much bigger exits overall.

09

Assessment Framework



9. Assessment Framework

Built from the Key Learnings that emerged from the study, this framework is designed to be practical and user-friendly, allowing both entrepreneurs and investors to systematically assess various critical aspects of a business within the African Creative and Cultural Industries.

S/N	Criteria	Indicators	Rating & analysis
1.	**Founder(s) and Team**	Founders' international experience (Yes/No)	
		Founders global network and reputation (Scale 1 - 5)	
		Recruitment strategy to address skills gaps	
2.	**Longevity and Business Stability**	Years of operation	
		Proven business model sustainability (Yes/No)	
		Control over value chain (Production to Distribution)	
3.	**Nature of Business**	Type of business (SME, Startup)	
		Suitability of financing approach (Bank loans, Private Equity, VC)	
4.	**Digital Transition**	Level of digital adoption (Scale 1-5)	
		Implementation of new technologies (Yes/No)	
5.	**Revenue Diversification**	Number and variety of revenue streams	
		Use of multiple platforms (Physical, Digital)	
		Innovation in business models (examples)	
6.	**Foreign Sales and Market Expansion**	Regional/global market presence (Yes/No)	
		Percentage of revenue from foreign markets	
		Strategies for international expansion	
7.	**Self-Made Success and Public Support**	Access to public support (Yes/No)	
		Self-made vs. supported growth	
		Participation in new CCI programs	

S/N	Criteria	Indicators	Rating & analysis
8.	**IP Challenges and Management**	Instances of IP infringement (Number of cases)	
		IP enforcement mechanisms in place (Yes/No)	
		IP literacy level (Scale 1-5)	
9.	**Ownership and Control of IP**	Retention of local IP ownership (Yes/No)	
		Strategic partnership structures	
		Balance between foreign investment and local control	
10.	**Funding and Growth Potential**	Current funding status (Scale 1-5)	
		Risk of premature exits (Scale 1-5)	
		Long-term funding strategies in place (Yes/No)	

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