

Why Africa needs more successful content businesses

Venture-backed tech companies from fintech to healthcare get most of the flashy headlines today. But in a digital economy, content is key to attract attention, educate, entertain and market. And that's why Africa needs more successful content businesses.

 By Roy Morrison 11 Mar 2020



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As digitalisation continues across the continent in the face of 5G, Internet of Things and the future of work content businesses have a lot to offer.

What is a content business?

It's not easy to define what a content business is. Content can be quite broad and include anything from visuals, audio, text and video.

Moreover, many content businesses start simply through a blog or a YouTube channel but then grow into something larger than a content business, often with the help of venture capital.

In general, content businesses are powered by the digital economy and are built on digital platforms such as Wordpress, Instagram, YouTube or TikTok. Content is the very product of such businesses and is used to inform, educate, entertain, market, and monetize.

Different types of content businesses

Content businesses differ in their business models and monetization methods just as tech companies differ in their business models and the way they generate revenue.

For example, Seth Rotherham started 2oceansvibe.com in 2002 as a blog and has since built it into one of the biggest solely-owned online news platforms in South Africa. It rakes in up to one million visitors a month.

and has partnered with well-known brands such as Vespa, Puma, Uber and numerous others for many years

Then you have influencers on Instagram and YouTube that have built a large following based on their content. As a result, brands often seek out influencers for partnerships and to promote their products or services in exchange for compensation.



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There are also well-known examples of review and affiliate sites. In the United Kingdom, you have Money Savings Expert, which offers financial advice and access to great deals on financial products. The site was set up in 2003 for less than £100 pounds and meanwhile employs over 100 full-time staff. The site makes its money from affiliate links whereby the site gets a commission each time one of their readers' purchase a product following their link.

A content business can be a smart way to prove that something works without a massive upfront capital investment. That is why it would not be a surprise if content businesses become more widespread across Africa in the coming years.

Low-cost business opportunity: No tech skills or degree required

For aspiring entrepreneurs who lack tech skills yet still want to start their own company, starting a content business could be the way to go. There are many advantages to starting a content business.

The process of content production and distribution has been democratised in the past 30 years due to technology. Thanks to the internet and the rise of the smartphone, more people than ever can be content producers at the switch of a button. And people are producing content on a daily basis across digital platforms like Instagram, YouTube, LinkedIn or Wordpress.



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The cost of content production does not have to be high at all. Anyone with a smartphone can produce content for almost no cost. The challenge lies more with distributing content as organic reach across all major digital platforms has been dwindling over the past decade in a bid to incentivise advertisers to pay-to-play.

Regardless, with a smart partnership and distribution strategy, a content business can still be started for less than \$100.

Even though venture capital investment in Africa reached a record level with over USD 1.3 in investments across 427 deals in equity and debt financing in 2019, fundraising remains difficult for many entrepreneurs as only a small minority ever get funding.

So, if you are not one of the fortunate ones to benefit from venture financing, bootstrapping a content business can be lucrative.

Plus, no PHD's in biomedical engineering or an MBA in Finance is required to succeed with a content business. Instead, you need to be creative with your content, strategic in distributing it and smart in monetizing.

Hot property

Finally, profitable content businesses are hot property as the increasing number of marketplaces and online brokerages such as Empire Flippers show. Here content businesses get bought and sold regularly for anything between a few hundred thousand dollars up to millions of dollars.

In fact, content businesses can be sold for serious amounts of money as the sale of *The Wirecutter* to *The New York Times* for \$30m in 2016 shows. At that point, *The Wirecutter* was a 5-year-old tech gadget review site that made its money through affiliate commissions.

Thanks to the growth of SaaS (Software as a Service), e-commerce and affiliate marketing industries across the continent, why should something similar not be possible within the next few years in Africa?

Starting a content business is not a bad proposition for entrepreneurs that prefer to go the bootstrapping route. Besides keeping ownership of the business, another advantage is that the growth of the digital economy will increase the need for content businesses.



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Partnering with content creators to help scale a business

One of the reasons why the need for innovative content businesses will increase in the coming years is because they can become valuable business partners to companies looking to scale.

The current digital advertising landscape is characterised by the dominance of tech giants like Google and Facebook.

Given that internet penetration across the continent is increasing, more companies across the continent are starting to invest in digital advertising. This will lead to an increase in the cost of digital advertising on platforms such as Google or Facebook due to increasing competition.

As a result, many startups and small businesses will struggle to compete with companies who have big advertising budgets. This is where building partnerships with relevant content businesses can offer a valuable alternative to advertising on Google or Facebook. Content business that can send targeted traffic can become a key strategic partner.

In particular, cost per action agreements where compensation is only due for a predefined action such as qualified lead or sale can be a smart move. There is very little risk and a lot of upside for advertising companies with such a model.

In comparison, on Google, you pay mostly on a cost-per-click basis. This means that advertisers can pay a lot for traffic without this resulting in any leads or sales.

Partnering with content businesses like review sites, media companies or influencers could turn out to be a smart move when advertising costs start to rise. Successful content businesses know how to produce content that moves consumers to take action. In a time where ad fatigue is increasing, this is key.

Content businesses are well-positioned to thrive in the digital economy, especially if they can position themselves as a cost-effective alternative to Facebook and Google and send qualified traffic to business partners. As digital economies are emerging across the continent, big opportunities await for content businesses.

ABOUT ROY MORRISON

Roy Morrison writes about content businesses at Meaningful Profits - a blog dedicated to building profitable content businesses without tech skills or big upfront investments. View my profile and articles...

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