Nollywood Explosion

Jelena zivkovic
American University of Nigeria

1.1 CASE OVERVIEW

a) General overview

This case challenges students to play the role of entrepreneurial decision-makers to determine if a small company based in Jimeta-Yola could emulate the extremely successful Nollywood market, as has already been done by successful entrepreneurs in Kano (Kaniwood). This case is appropriate for upper-division undergraduates especially in entrepreneurship. The case focuses on the transitions that have to evolve from taking cinematic consumptions from media to management studies especially in the marketing field. It is entirely to analyze the progress and strategies that have to be developed to ensure that companies involved are efficiently performing as well as dealing with existing challenges in the market effectively. It is designed to be taught in a 90-minute class session and is likely to require at least a couple of hours of preparation and research into local conditions.

b) Specific overview

The Nigerian film industry – or Nollywood is now the second most profitable film industry in the world, with Bollywood being first and Hollywood being third. The industry, which creates movies that go from the camera straight to DVD, developed after economic turmoil in the 1980s destroyed the celluloid film industry. Largely based in Nigeria, the Nollywood model has already been successfully emulated in Kano. Note, that Kaniwood started as an offshoot to Nollywood. The profitability of Nollywood is based on low-cost, successful marketing via formulaic production that make the films not only the most popular in Nigeria (with a population of about 150 million), but also throughout Africa.

1.2 THE SITUATION

a) The cultural factor

Nollywood films are extremely formulaic, but the particular formula is one that reflects both Nigerian and African culture and thought. These films in Nigeria and throughout Africa reflect attitudes, beliefs, and social conditions and problems in a way that outsiders have trouble recognizing. Cultural element is probably most important, because foreigners could produce everything else. According to Katsuva he observes that:

Any black African can understand, interpret and enjoy Nigerian movies because of the similarities between Nigerian culture and other black African culture. Black Africans have a lot in common in terms of culture and as members of extended family, which comes first in order of priority, before the nuclear family. This is unlike western films where there is no communal sense of life as the individual's life is relegated within his nuclear family.1

The fictive curve (escalating conflict) used throughout the cinematic world is certainly there. Eventually, African spirituality in several different forms will appear in these films. Nollywood film watchers easily interpret this information, but outsiders do not. Hence, an innate cultural understanding is paramount in the production of successful Nollywood films. It should be noted that this understanding is essential to producing a truly marketable product as can be attested in Distribution. For example, some 300 producers turnout movies at astonishing rates – anywhere between 1,000 – 2,000 a year. Thirty new titles are dispatched to Nigerian shops and markets stalls every week, where an average film sells 50,000 copies. By many reports, Nollywood is a $500-million industry. According to Ikegwuonu, author of Who’s Who in Nollywood asserts that, “About 1,200 films are produced in Nigeria annually.”

1Katsuva, page 96.
b) The growing competition

The author also further points out the presence of more and more filmmakers heading to Nigeria. This is because of the existing competitive distribution systems and a cheap workforce. In addition, Nigerian films seem to be better received on the market when compared to foreign films, as they are more family oriented than the American ones. However, some existing complaints of poor technical quality tend to lower the sales of the films. For instance, Emeka Mba, who is the director general in NFVCB (Nigeria Film and Video Censors Board), says that despite the widespread of the films there are existing complaints in the market as relating to some themes e.g. voodoo ones and the poor quality in production of the films compared to Western movies. Moreso approximately half of the industry sales are lost just due to poor distribution networks. This has caused many directors to urge the government to device proper distribution channels to facilitate their sales. For instance, Teco Benson Company, which has sales of its wares in three big cities i.e. Lagos, Aba and Onitsha, has seen almost half of its resources lost to piracy.

Production of films in Nigeria is done at very low costs. This is possible especially due to large and available production centers in the whole country for instance; Nollywood studios are found across the country. There are also cheap and experienced labor sources to provide low cost service to the companies. Most companies enjoy economies of scale and they can collaborate to access common supply of materials, technological knowhow etc. This has made Nigerian films becoming the popular media of entertainment throughout Africa, they are cheaply priced and sustainably supplied. Production time on a film is about a week, and little – if any – editing is done from video camera to finished DVD. Musical scores are minimal (and some would say irrelevant) to the product and are created at very low cost. Most sources put the production of any one film at about $17,500 (USD), generally, a new film is released every day. The American film industry, on the other hand, produces about 60 feature films a year, every one of them costing millions of dollars. Most Nollywood films are sold for about 300N ($2 USD), and a successful film will sell 50,000 copies or more. Furthermore, these films are often shown on television throughout Africa. DSTV, the South African Cable Company that is all over Africa, has three channels (African Magic, AM, Yoruba and AM Hausa) exclusively dedicated to Nollywood productions. The costs and need for minimal equipment make Nollywood an open field for creative – but not necessarily innovative – entrepreneurs.

c) Marketing challenges

After production, marketing presents a number of challenges, including some that are more specific to Nigeria than other areas. This is seen in areas such as editing quality that is affected by signal transitions that may be abused. This leads to poor quality affecting the competence of the film on market. These challenges are realized in other competitors’ films such as Indian films in addition to opening their entry into the market, considering existing tests and preferences. For example, Indian market preference may be more on comedy films while African market is more of horror. Newcomers to the industry will not only have the challenge of opening markets to get their product distributed both in Nigeria and throughout Africa, so as to realize the major share of the profit in the initial trading capacities, as they try to stabilize themselves in the new market. There are two reasons for this. First, there are natural pitfalls of doing business in a cash-and-carry society (if the product is carried away, there is never a guarantee that producer will see any cash). This is actually hardly ever the case as many producers are the marketers too or have reputable marketers they have done business with. In other instances in which this relationship is not strong, cash in hand is the preferred way of transacting this business. Second, the industry of piracy is more active in Nigeria than anywhere this side of China, and more than one popular Nollywood film has been seen by millions and has generated large amounts of retail sales, whereas producers have not enjoyed the returns on their investment. Afam Ezekude, Director in the Nigerian Copyright commission confirms that there has been a number of convictions related to piracy, Ezekude (2012)

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The lack of western production values is very noticeable in Nollywood films, but it should be noted that many of the films have very competent actors. Instead, expensive and time-consuming camera-to-film activities such as editing, musical scoring, and special effects are lacking in the films.
d) Pool production and marketing

Finally, filmmaking is a group effort. Potential production companies are faced with production costs that could reach $20,000. While a group of like-minded people could reduce that figure considerably, the endeavor would still require a modicum of expense for basic equipment. A production company also needs correct structuring, both in terms of decision-making and of legal obligations of participants. Technical marketing skills are also more to be enjoyed in a pool than only by an individual firm.

1.3 ADDITIONAL INFORMATION (1): The history of the Nigerian film industry

a) Early developments

After liberation in 1960, there was a nascent film industry, but it was plagued by high costs, competitive tribalism, and a distribution system controlled by non-Nigerians who had no interest in investing in foreign films. During that time, Nigerian filmmakers had to pay for post-production costs in either U.S. dollars or British pounds.

An unsympathetic government added an entertainment tax to their products, and drove the film production from four films in the 1980s to one in 1990. The few financially successful films were Yoruba in content, and those films, rife with spiritual references and activities, had a lasting influence on Nigeria filmmaking. In the 1990s, African production companies sidestepped the financial strain imposed by the government and unsupportive distributors and went directly to videotape. Since then, they have embraced the camera to DVD model. More VCDs are used as a distribution mode than DVDs because of duplication costs.

b) The impact of the developments

The move to videotape and eventually to videodisc had another important consequence: It made the films affordable to more Nigerians and Africans in general. The few upscale theatres remaining in Nigeria’s major cities charge as much or more for admission as theatres do in the India. According to the CIA World Fact Book, 70% of Nigerians live in poverty, and average per capita income is about 345,000 Naira a year (about 2,300 USD). The average income is important because it was widely reported that the World Bank estimated that 54% of Nigerians live on 300 Naira a day, or about two American dollars. Another important statistic is that 32% of the Nigerian population is illiterate, and more women fall into that category than men do.

Many Nigerians who can read, don’t. Nigeria does not have a culture of “reading for pleasure,” which is common (but declining) in other countries such as the European countries e.g. Germany. “We found that our people are no more interested in reading,” said director Tunde Kelani, “and by doing so, we are missing the great values and virtues embedded in the works of great writers.” Kelanie has successfully adopted the work of Yoruba-language authors to video. The issue may trouble some educators, but it is a boon to the Nigerian film industry.

1.4 ADDITIONAL INFORMATION (2): An overview of the formulaic structure and cultural imperatives of Nigerian films.

a) Participants main aim

There is one indelible fact the world over: Filmmakers are in it for the money. Nigeria is obviously rising to the top not only because of low costs, but also because Nigerian films have not captured the domestic market, the entire African market, and the African Diaspora market. Readers would do well to goggle *El Mariachi*, a 1992 film made for $7,000 USD, intended for the straight to market video. The film became a cult classic, and a major Hollywood studio purchased the distribution rights. *El Mariachi* went on to gross more than $2 million dollars and made its writer producer-director, then 23-year-old Robert Rodriquez, a major player in Hollywood (he went on to direct the popular *Sin City*, and saw his film remade by the same studio staring Antonio Banderas).

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4 CIA World Fact Book (based on 2009 figures)
5 Ibid.
The point is that many countries have the talent and even the expertise in low-cost filmmaking to do this, but they do not because they cannot. Writing about the popularity of Nigerian DVDs to Congolese audiences, Ngoloma Katsuva points out that DVDs from Europe or the United States are not only more expensive, but also “alien to our culture.”

Katsuva goes on to point out several similarities that draw Congolese audiences—and they are probably the same elements that appeal to Nigerian audiences: language, setting, cultural elements, and duration. According to a UIS survey of international filmmaking, 44% of the films made in Nigeria are made in English, and these are the films that are exported to other African countries.7

b) Nature of the plots and customer coverage

The plots of Nollywood films are formulaic melodramas, generally with large doses of African spirituality (witches, ghosts, and dreams) included. Although sexual relations are often a major plot issue, they are never displayed explicitly due to cultural norms. Major dramatic questions often reflect a certain reality of African life (making a living, gaining power, finding and losing love), but family, dreaming, and often some kind of supernatural forces are at work (that often have to be explained to non-Africans).8

In this sense, Nigerian films are akin to North American Westerns. Although both the Japanese and the Italians have tried their hand at producing that kind of movie, they have been critical failures, and, with the exception of Sergio Leone’s Man with No Name series, box office flops. Like baseball and jazz, Western (cowboy) movies are an American art form. The extreme individualism that often puts Nigerians off from American movies was born there. Similarly, the Nigerian perception of culture and relationships within a culture is alien to most non-Africans. Simply put, if the Nigerian film industry is ever challenged, it will be by another African nation—not by Europe, the United States, or any Asian country. South African-produced soap operas for television are seen as an offshoot of Nollywood's formulaic story telling techniques and have provided much needed outside competition. In addition, a vibrant film production market has grown up in Ghana in West Africa and Kenya in East Africa; both now compete with Nollywood.

It is essential to point out that very little has been written in this case study about Kaniwood. There are several reasons for this. Although some filmmakers in Kano have risen to national as well as international fame, the printed material available is dated and there is very little new information on the Internet. According to statistics gathered in 2000, Nollywood produced about 50 videos a year between 1990 and 1997, and that number, as we have seen, has increased. During that same period, only 50 videos were produced in Kano.9 Yet the beginning of the Kaniwood holds some lessons for potential film producers. Hausa is the most commonly spoken language throughout West Africa, and the largest single population of Hausa speakers is in Kano. Beyond that, Hausa and Islam are almost synonymous in Kano. The challenge Kaniwood had in the beginning, described by Du Johnson, was the films were so constrained by Islamic culture that they were not popular, even within the target audience.10

c) Religious effect

Religion, including Islam, Christianity, and indigenous, has certainly played a role in the development of the Nigerian film industry, and often could be looked at as a possible source of funding. However, film audiences everywhere demand to be entertained (Johnson notes that Hausas are avid film watchers, even of films made in languages like Chinese that they do not understand). In the early years of filmmaking in Kano, productions were off-produced from local dramatic presentations, and by authors who wanted to get their work out. In the Nigerian film video market, the essence is to turn a quick profit. In addition, Kaniwood has excelled in the area of theatrical releases of its movies; more income is garnered from these than from video sales. That is because of a wide network of theatres in many northern cities that people still frequent to watch these releases in a communal way.

8 A large number of plots are outlined in Nigerian Video Films, edited by Haynes.
1.5 ADDITIONAL INFORMATION (3): An overview of the problem of distribution and the impact of piracy on profitability

In the classic 1941 murder mystery *The Maltese Falcon* (written and directed by John Houston), Mr. Gutman (aka “the fat man”) hands hero-detective Sam Spade an envelope containing $10,000. Spade counts the money and says, “We were talking about a lot more than this. “

“Yes,” Mr. Gutman replies, “but this is cash of the realm. And $10,000 in cash is a lot more than any other amount.” In Nollywood, there is a single mantra: Get the money up front.

As we have seen in the Kano experience, the final product must have a mass appeal to the African audience. This is because most film commodities have large market in the continent compared to any other part of the world. In the days of video (and worldwide, all movies rely on DVD sales), the danger is not so much lack of sales, but whether the production company will see any of it. There is information concerning the specific impact on video piracy in Nigeria in the appendix, but it should be realized that piracy is both endemic and worldwide. The Internet has made it even more so. In 2004, the American liberal filmmaker Michael Moore created a scathing documentary about the Bush Administration’s reaction to the events of September 11, 2001 called *Fahrenheit 9/11*. He successfully kept the film under wraps until its premiere – that was on a Tuesday night, and Wednesday in China (it must be remembered that in the United States, because of the time zones, it is always tomorrow in China). That means despite his precautions, most Chinese could buy the video at about what 10% of what they would have had to pay to see it in a theatre in the United States, and about 5% of what they would have to pay for the DVD, which would not be available for at least six months.

Distribution has to be thoroughly researched by interviewing local vendors and finding distribution companies that will pay for merchandise upon receipt, not on consignment. National Film and Video Censor’s Board Nigeria is working on a distribution platform that should reduce the incidence of piracy and get more investors interested because they will have a better chance of getting a return on their investments.

1.6 ADDITIONAL INFORMATION (4): Effective market development and strategy

Questions about the most effective type of business organization that would have to be developed to create and successfully market this type of product. This should be on both cost analysis and sufficiency of production system. For instance cost analysis can be observed in the listed web pages, that describe the basics of the business, which include a state-of-the-art video camera (approximately $8,000) and a computer capable of some editing and adding a soundtrack (approximately $5,000 for both the computer and software). The intangible is a group of people with the requisite talent who are willing to invest their time and money in the company.

1.7 ADDITIONAL INFORMATION (5): Who is the preferred target audience for these films?

Women watch more films than men do, but the fact remains that men buy more films than women do. In addition, the storylines are often not too “youth” friendly, so this eliminates the youth segment of the population. Some youth could not feel free to have movies that are against their interest and thus prefer some American movies related to Actions and Indian ones that carry more of comedy contents. The market structure of the market consists more of elderly population carrying approximately 72% as to 28% of the youth, Mbamara (2000). The case study should also identify the best audience and how to get them.

Filmmaking is a group effort. Traditionally, a standard “team” would consist of the following (provided in line with the standard decision-making hierarchy):

**Producer:** This individual is responsible for all money decisions, and is often responsible for raising the money.

**Director:** This person is responsible of the filming itself, decides camera angle, makes suggestions to actors, and serves as quality control officer for the project. This person would be responsible for editing the project in terms of starting and stopping the camera.

**Writer(s):** This person or persons (screenplays are often worked on by groups of writers) create a working script, putting words into the mouths of actors, deciding how scene leads to scene until the final resolution of the conflict.
Actors: These men and women are responsible for playing parts in the film. As a group, they must be keenly aware of body language and to be able to convey convincing emotions—what is called in the business “making the moment.”

Distributor(s): This person or persons are responsible for getting the final product to market. Beyond the function of a group of people in designated roles, a start-up organization has to deal with financial and legal liabilities. Before anything can start, there are equipment requirements of more than $10,000. The group must decide who owns this equipment. In addition, because this is a public medium and is subject to a range of legal issues, including libel laws, breach of contract, etc., the group has to decide how the organization will be structured legally.

1.8 THE CHALLENGE

CHALLENGE 1: Distribution has always been a big problem for Nollywood, and for Kaniwood to not go through the issues that have had a negative impact on Nollywood, define a good distribution mechanism that will integrate but the direct to home component and also the cinema viewing component, which is already popular in many northern parts of Nigeria

CHALLENGE 2: Hausa is the most widely spoken language in West Africa and it’s used in neighboring countries like Ghana, Mali, Niger Republic, Burkina Faso, etc. Being able to tap into these markets is imperative for the success of a new Kaniwood producer, how can this be done, both in storytelling, production techniques and in distribution.

THE NOLLYWOOD EXPLOSION CASE STUDY

Instructor’s Notes:

Nollywood is a highly successful national industry that has found an Africa-wide audience by producing films that are at once affordable and culturally relevant to its intended audience. Before attempting to consider the possible outcomes of entering into this entrepreneurial endeavor, students should consider at least four points:

1. Do the people involved have sufficient motivation to carry out the long-term production and marketing of a video film? Like all creative products, a video film begins with a clear vision of the end product, a systematic approach to creating that product, and a clear idea of how it will be distributed.

2. Beyond talent and business acumen, it is also necessary that the entire group responsible for the project understands and shares some of the cultural complexities that will shape the film. The market for these films is largely found among the less privileged and often illiterate population. Cultural considerations are imperative.

3. A basic attraction of Nollywood films is that they portray, in a melodramatic format, the problems faced in daily life by Nigerians. Hence, it is a necessity that within the production organization there is the maturity to recognize the daily problems that Nigerians face. Many successful Nigerian films are affected by religion. Any production group has to be in agreement as to what part religion will play in the film and how African indigenous spirituality will be handled.

4. There is a functioning censorship board in Nigeria, and while adult themes are often a part of Nigerian films, those themes are never displayed on camera.

Discussion questions

We often select one student to lead the class discussion, or the class may be divided into smaller groups. Either way, there should be enough students in each group to populate a start-up production company.
Questions:

1. Production of any film requires a pool of talent, ranging from writing and photography to directing and acting to salesmanship. How could one organize their efforts and find people with the requisite talents?

2. Do any of the students in the group watch Nollywood films regularly? If so, can they provide synopses of several films to the rest of the group? Many successful Nollywood films have synopses in Ogunleye, *African Video Film Today* and Haynes, *Nigerian Video Films*.

3. As we have seen, various ethnic groups have played a major role in shaping Nigerian film videos. The Yoruba in the south were very involved in crafting the episodic formula films, while the actual distribution of Nollywood films was begun by an Igbo man, and often Igbos handled distribution. The Hausa in the North began slowly with films that were more in line with the Islamic thinking prevalent in that part of the country. AUN is a cultural pool, representing the entire country and every possible ethnic or religious group. Can a group come together in a functional manner and rise above cultural differences that in the end will have a cultural connection with the target audience?

4. Film, like any art form, is always an agent of change (for more information about possible new directions in African filmmaking, see *African Filmmaking: North and South of the Sierra* by Roy Armes and *Postcolonial African Cinema* by Kenneth Harrow). How would your group view changes in films to reflect or even foreshadow changes in society?11

5. Given the financial liabilities inherent in any business, and the specific liabilities found in media, how could an organization be formed at AUN that would at once protect individual members of the organizations while allowing them to reap the possible benefits from their endeavors?

References


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11Note: the television series *Star Trek* premiered in the fall of 1967. Some of the innovations first seen on that program and later created are mobile phones and non-invasive surgery. Innovators in these areas have often credited their ideas as having been inspired by that particular program.