

## **NOLLYWOOD'S BOX OFFICE IN THE AFRICAN ECONOMIC PARADIGM: A THEORETICAL VISIONING OF GLOBAL FUTURE**

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### **Executive Summary**

*At a time during the coronavirus pandemic, COVID'19, Nigeria's cinema sector ranked among few businesses in Africa that posted positive revenue returns with \$11 Billion annual business value in box office. The j that propelled that sector into such showing speaks to depth and aggressive drive. Before 2012, there were less than five cinemas serving the Nigerian market of over 160 million. This paper seeks to examine the business environment and models that lifted a nascent, bottom-of-the-rung Nollywood box office to leapfrog to an annual \$11 Billion regional player eight years afterward. The objectives of this study include: determine if Nollywood box office applies corporate governance ethos; find out if Nollywood box office uses digital tools to scale operations; find out if Nigeria presents viable market prospect for regional competition; know if Nollywood box office has the requisite professional skills to drive competition; and learn if Nollywood box office can compete at regional and global levels. Two theories, Pareto Distribution Box Office theory by Arthur De Vany and Cultural Industries theory by David Hesmondhalgh apply. The mixed methods, availing qualitative and quantitative data were used. The paper concludes that Nollywood box office is characterized by gaps between ticketing and revenue as well as isolation of the bottom-of-the-pyramid members of the society in the business model. It recommends the expansion of the interventions by the Bank of Industry to attract more investors; review market strategy to cater for the bottom of the pyramid population.*

### **Introduction**

Film is a significant player in the global economy and the activities therein drive sustained economic growth. Pangarker, N.A. and Smit, E. (2013), quoting Litman (1983), who introduced the multiple regression model that tended to forecast the potential for financial success of films, reported that Litman's use of the multiple regression model was inspired by an assertion by Jack Valenti, former President of MPAA (Movie Producers Association of America) to the effect that "no one, absolutely

no one, can tell you what a film is going to do in the marketplace.” Industry professionals, cinema chain managers, distributors and exhibitors are keen on obtaining a dependable tool that can correctly predict the market performance of films as a measure of financial risk management, Curtin, M. et al (2014). By designing trackable metrics and tools around the market trajectories of films release to audiences, scholars and industry players have steadily projected or tied the performances of films to specific inputs. Across Africa, the regional governance body, African Union, AU, tasked itself with the burden of Agenda 2063, seeking to deploy the creative energies and platforms of Africans to redirect development trajectories and outcomes in the continent by the next 50 years, (AU: Agenda 2063 Report). Riding on the inspiration of the AU mandate, corporate and governance organs have estimated that Africa had the estimated potential in the film sector to create over 20 million jobs and contribute US\$ 20 billion to the continent’s combined Gross Domestic Product, GDP.

With regards to film production, there are marked growth indicators across the major film destinations in Africa, namely Nigeria, South Africa and Morocco with pockets of production entities springing up steadily. As a testament to the near ubiquitous presence of film production entities across Africa, Nigeria, (Nollywood) alone produces 2,500 feature films on the average, per annum, frequently positioned as the second largest film producing market globally, (NFVCB, 2023 Film Classification Report). Nevertheless, the challenging realities that most film production and distribution activities across Africa are informal, unable to attract the resources to scale. The lack of access to funding opportunities in the film production and distribution sectors constitute a major lingering challenge. A report by the Cinema Exhibitors Association of Nigeria, CEAN, has reflected concerning exclusivist tendencies in the box office economy in Nollywood, (FilmOne, Box Office Year Report, 2022).

Tracking box office infrastructure within Nollywood from the last decade using reports by the Creative Industries Unit of the Bank of Industry in Nigeria, FilmOne, ComScore and CEAN show some startling data. In Nigeria, with an estimated 200 million population, (NBS, 2022), there were 135 cinema screens controlled by about 20 brands in 2015. The number of screens grew marginally to 150 in 2019. By the ticket pricing between N2,000 and N5,000 in an economy of N25,000 and N30,000 minimum wage, it means that cinema box office entertainment in Nigeria, and possibly much of Africa is not designed for the over 85 percent bottom of the pyramid members of the society.

In 2023-2024, the number of cinema houses increased to 90 while the cinema screens doubled, standing at 300. In effect, the cinema infrastructure in Nollywood has steadily x-rayed predominant elitist taste for box office entertainment, profiling expensive cineplexes in major cities, targeting high-end audiences as shown by ticketing prices to the exclusion of the majority bottom of the pyramid population, (Omomila, O. 2018).

Ironically, data with the CEAN has indicated that footfalls at cinema screenings have halved from the 2020 numbers. Incidentally, the box office revenue in 2020 was a rare profitable economic venture during the era of the corona virus (COVID'19) pandemic with Funke Akindele's *Omo Ghetto: The leading the pack* with over N500 Million in box office.

To be able to drive a sustained growth trajectory that meets Africa's target of 20 million jobs and \$20 Billion addition to the continent's GDP, this paper seeks to determine which elements in the market are strong propellants for box office success post-COVID'19 in Nollywood. Kene Mkpuru, founder of KOMWorld Cinema in Nnewi, Anambra state, contends that Nollywood box office must scale in regards to number of cinemas and number of screens to a minimum of 400 cinemas and over 1000 screens from the current 90 cinemas and 300 screens to be competitive. The West Africa box office territory with the English speaking and Francophone markets is the most significant market territory in Africa. Nigeria's Nollywood drives the English-speaking West African market. Canal-Plus dominates the Francophone market.

Rising cinema admission tickets amid plummeting income casts a gloomy forecast for the cinema in Nigeria. But would its inroads into other parts of Africa compensate for this gap? Mkpuru thinks that it is not guaranteed for the reason that a majority of Nollywood films in cinemas fail because they lack the audience appeal. He argues that unlike the Hollywood films that are produced to appeal to multiple markets, the Nollywood cinema is a mono-market appeal enterprise. He laments that Nollywood already uses minimalist presence and exclusivist ticketing price to eliminate 125 million bottom of the pyramid members of the public.

### **Statement of the Problem**

Arising from the trajectory of elitist and exclusionist tendencies observable in the Nollywood cinema exhibition sector, the exclusively urban location of cinemas, the ticketing cost and the income status of the dominant population of Nigerians, (NITDA, 2011), this paper seeks to know if steady upward review of box office tickets can guarantee targeted job creation and significant contribution to the national GDP? Today's scenario of the Nollywood box office contrasts dramatically with what was obtainable a few decades ago when the VHS and DVD contents ruled the scene. Then, the viewing centres were ubiquitous and targeted the rural, poor income, bottom of the pyramid population.

With as little as 50k or N100 an individual could get an entry ticket to watch the Nollywood content in a viewing centre. Accordingly, this paper investigates the box

office operations and business strategies keeping Nollywood out of the top league in revenue and penetration to wide ranging demographics.

## **Research Questions**

The study proceeds by interrogating the following research questions:

- (1) Is the steady raise of cinema admission tickets in Nollywood in response to inflation capable of growing the box office economy?
- (2) Is the isolation of the mass of bottom of the pyramid population in Nigeria by reason of cinema location and audience target sustainable for Nollywood box office?
- (3) Is the size of Nollywood box office reflective of the potential of a 200 million population economy?
- (4) Will the concentration of Nollywood cinemas in cities fully address the growth potentials of the box office?
- (5) Can the current number of cinema screens in Nigeria guarantee a competitive Nollywood performance in Africa?

## **Literature Review**

As an economic enterprise, film business demands huge up-front financial investment and is constantly in need of significant running outlay, (Flock, E.(2017); Lorentzen, C.(2017); Witts, E. (2017); Adesokan, A. (2009). Accordingly, analysts, professionals and investors alike are keen about how steadily and how fast investments are recouped particularly by way of correctly predicting box office success as financial risk management in business, (Pangarker, N.A. and Smit, E. 2013). These scholars detailed how a model developed by Litman, (1983) steadily filled this gap for analysts, professionals and investors regarding measuring or tracking box office performance of films. According to records, Litman was challenged by a statement that Jack Valenti, who was President of the Motion Pictures Association of America, MPAA, who was quoted saying: “no one, absolutely no one can tell you what a film is going to do in the marketplace,” (Pangarker, N.A. & Smit, E. 2013: p.2). Determined to interrogate the veracity or otherwise of this presumed conventional wisdom, Litman identified three crucial decision-making areas that seemed relevant in determining the success of a film in the market.

These three areas considered relevant in determining the success of films in the box office included the creative sphere, the cinema or theatrical release pattern/scheduling and the marketing effort. He explained the creative sphere as the quality of the story to be genuine, believable, and timely. Incidentally, in recent years, the nature of the superhero, science-fiction and animation stories that have made global box office successes do not seem to tick the specific boxes of the genuine and believable qualities of the

stories. For instance, the highest grossing film of all time, *Avatar*, earning \$2.7 billion globally is a science fiction film, (Box Office Mojo, 2012). For him, the creative sphere also included the cast, the director, production budget and rating/classification.

The second crucial area, the theatrical release pattern/scheduling, according to Litman, calls for the choice of a big distributor, particularly for the independent producers, arguing that their extensive network, bargaining power, financial resources, goodwill and reputations in delivering high quality products count for value base. As part of the theatrical release pattern/scheduling, Liman notes that an eye for release patterns and scheduling that ride on the waves of periods of peak audience for film attendance that include Christmas, New Year, Easter, Eid-el Kabir, Eid-el-Fitr holiday periods are important. In the Nigerian film industry, Nollywood, as in India's Bollywood, this concept is particularly true. Christmas period film release opportunity is so keenly contested and viciously competitive that an independent producer has to be particularly strong to take a slice.

In the first week of May, 2024, two outstanding independent producers in Nollywood, Funke Akindele, who holds the box office all time highest grossing record, and Toyin Abraham, have already started advertising their December, 2024 film release schedules with the top cinema chains in West Africa. There is also evidence that in India, film releases are frequently concentrated around the holiday's windows. Litman (1983) then highlighted the third part of identified critical success factor tripod of films in the box office which is the application of media campaign as a key component of the marketing effort. His argument is that following each film release, the word-of-mouth tended to replace advertising campaign while the film was still on the theatrical run. He further argued that favourable word-of-mouth and influential reviews of critics and podium presence at film awards had the potential to buoy the box office fortunes of films.

Over time, Litman tested the relevant independent variables which include: film genre, (science fiction, drama, action-adventure, comedy and musical); the second set of variables were film rating; the third was the presence of superstars on the cast; the fourth was production budget; the fifth variable was whether the film was distributed by a major distribution company; the sixth was the timing of the film release against the holiday seasons; film performance in major award podiums and whether influencers and critics have said any positive thing about the film. The dependent variable was the level of revenue the film accrued to the distribution company. In the course of the tests, some of the independent variables were eliminated or adjusted.

The variables that were eliminated included ratings, the superstar factor and the variables for the lesser holiday windows, including Easter releases. All the genres with

the exception of science fiction and horror were eliminated as insignificant. The variable of production costs were positively correlated with rentals and the power of critics' reviews was also significant. Science fiction and horror films were extremely popular and so were films distributed by major distributors. The Christmas release window variable, films bearing Academy Award nominations and those that have won Academy Awards were all significant. Litman's work was considered ground-breaking research and thereby laid the foundation for many studies that followed over the next two decades.

Naz Onuzo, in (Nigeria Box Office Year Book, 2020) founder of a major Nollywood production company, Inkblot Productions, arising from steady box office successes of films from his slate has identified critical success factors for films in the West Africa box office market territory. These include, Stars matter – he argues that the top 25 films in Nollywood box office all have multiple big names who serve to attract a wide spectrum of diverse audience.

Track record and trust matter – He contends that the audience trusts a select number of creatives to deliver good times at the cinema. He cites the examples of film production companies in Nollywood that have maintained such impeccable audience trust record in the offerings they present to include: Ebonylife, Filmone, Inkblot, AY, Kemi Adetiba, Funke Akindele, Jade Osiberu, Toyin Abraham, Play Network etc.

Make it an Event – Onuzo argues that the top 25 Nollywood box office grossing films have comedy, action, drama, thriller etc. He points states that multiple genres are represented. According to him, the first rule to breaking into the top 25 box office grossing films is to get the audience excited and expectant about the project by making it can't miss.

## **Theoretical Framework**

There are generally film and media theories that align with the trajectory of thoughts of this paper. Specifically, two theories apply to this paper, namely the Pareto-Distribution Box Office theory by Arthur De Vany and the Cultural Industries theory by David Hesmondhalgh (Hesmondhalgh, D. (2019). Arthur De Vany closely investigated the pattern revenues accumulation in film sector and particularly in the box office in the course of which he observed the phenomenon of 'winner-take-all' distribution in box office revenues; (De Vany, A. (2003). Arising from this, he theorized that the observable skewed distribution – whereby 20 percent of movies earn 80 percent of the overall revenues – is a result of the micro-level behaviour of movie-goers. Vany argues that such behaviours of movie-goers result from imperfect information delivery to the public.

The theory further suggests that box office success depended on the amount of knowledge about a film the audience has. In other words, awareness through advertising and word of mouth plays crucial role in determining a movie's performance. The Cultural Industries theory by David Hesmondhalgh picks out that culture seems to be at variance with industry but are managed advantageously by producers who are determined to minimize risk while maximizing audiences by way of vertical and horizontal integration. These producers standardize and format their cultural products, for instance, in amplifying the impacts of their films by the use of stars, genres and serials. It points out that the largest companies or conglomerates now operate across a number of different cultural industries and boundaries.

### **Methodology**

This paper utilized primary data from interviews and secondary data from archival materials sourced from official records in the creative industries' ecosystem. Thematically cogent materials sourced from national, sub-regional and regional organizations provided this work with both quantitative and qualitative data. Further interviews of business founders in cinemas and film production companies, policy makers in the National Film and Video Censors Board, NFVCB, (2017) and film enthusiasts or consumers, brought further insight and illumination to the subject. The secondary data were sourced from Comscore dashboard, FilmOne website, CEAN website and Nigeria Box Office Year Book. The sample was each year's annual summary Comscore record since 2020. The sample for the primary data is five interviewees whose expertise in the subject matter is self-evident.

## Data Analysis

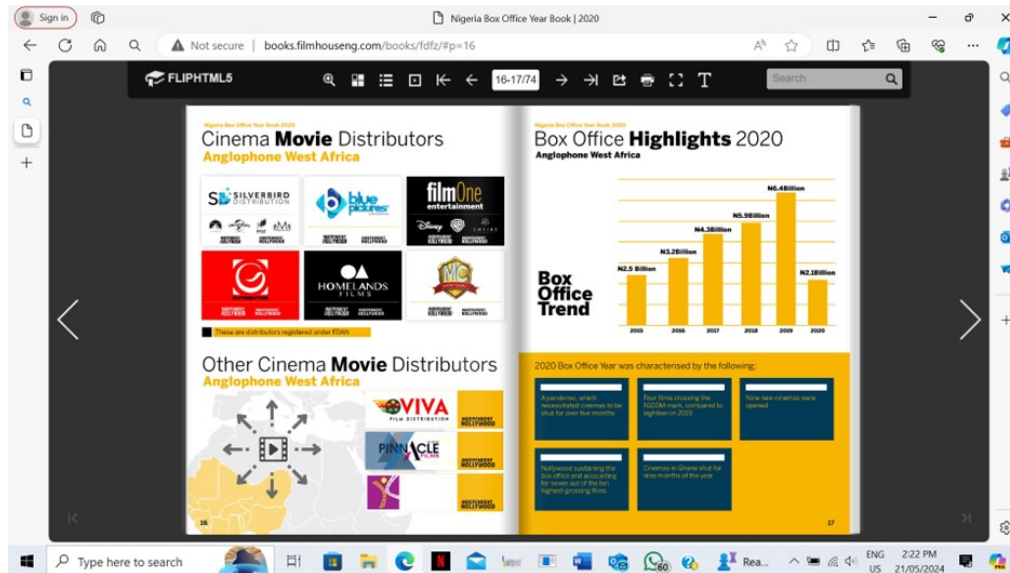
**Table 1:** Showing DCI Compliant and None-DCI Compliant Cinema in Anglo-West Africa.

Exhibitor	No. of Exhibitors	No. of Screens	No. of Seats
<b>Anglophone West Africa</b>			
<b>Filmhouse Cinemas</b>			
Alura	5	296	
Biran	4	495	
Circle Mall	4	650	
Dagbe	4	453	
Kano	3	485	
Landmark	6	789	
Leke	6	532	
Omu	3	201	
Osu	3	484	
Port Harcourt	5	580	
Sarnada	3	404	
Sevens*	8	303	
<b>Geneva Cinema</b>	<b>12</b>	<b>54</b>	<b>5890</b>
Maryland	4	343	
Owen	3	268	
Lagos	7	939	
Port Harcourt	7	620	
<b>Shepherd Cinema</b>	<b>30</b>	<b>43</b>	<b>4091</b>
Abuja	5	297	
Galera	4	804	
Itesa	5	695	
Lyn	3	606	
Festac	4	720	
Jabi	4	338	
Acacia	5	1234	
Liberia	4	332	
West Hill	3	223	
<b>None DCI-compliant Cinema</b>	<b>68</b>	<b>253</b>	<b>28422</b>

Source: *FilmOne Box Office Year Book, 2020*.

The DCI compliance indicator in the box office business speaks to the integrity and fidelity of the cinema house in safeguarding the work of independent producers from digital predators seeking to pirate and feast on the sweat of professionals. That this level of cinema houses are yet to undertake this safety requirement speaks to the state of the industry in Nigeria.

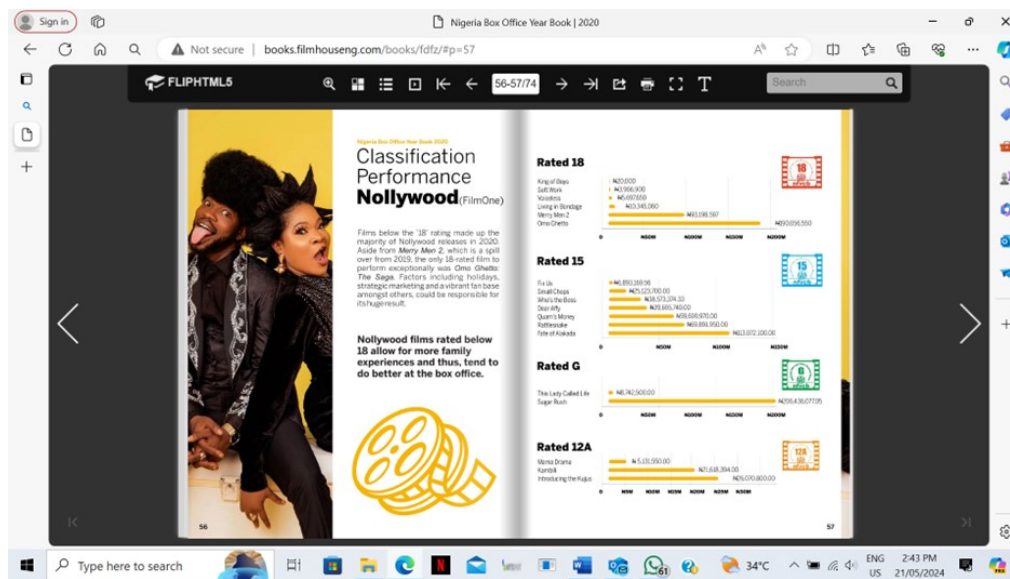
**Table 2: Showing the Box Office Trend in 2020**



Source: *FilmOne Box Office Year Book, 2020.*

This table speaks to a development that should worry investors in the Nollywood box office sector. Revenues are increasing but movie-goers are shrinking. There is the indication that the number of movie-goers in 2020 has halved by 2023 records.

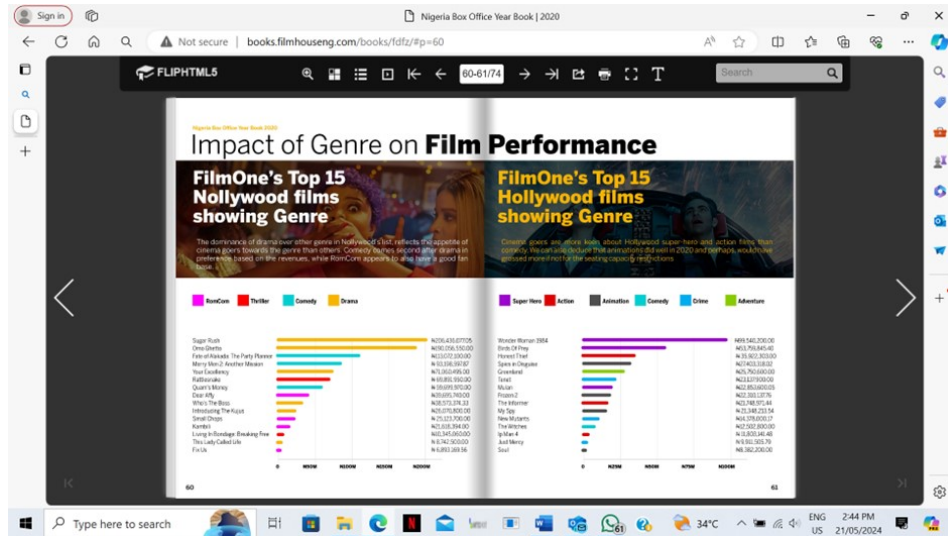
**Table 3: Showing a Pattern of Film Rating by NFVCB**



Source: *FilmOne Box Office Year Book, 2020.*

Table 3 highlights how classification decisions on films affect the box office performance of such films. So, for the sector to be globally competitive, policy makers, investors, founders and producers ought to design an integrated strategy that pulls content ranking, ticketing, genres and scheduling along for optimal outcome.

**Table 4: Showing how the Genres Perform in Box Office**



Source: *FilmOne Box Office Year Book, 2020.*

**Table 5: Showing a Decade Long Box Office Performance**

Year	Total Gross	%Δ LY	Releases	Average	#1 Release
2024	\$2,373,873,066	-	279	\$8,508,505	Dune: Part Two
2023	\$8,908,261,473	+20.9%	589	\$15,124,382	Barbie
2022	\$7,369,505,492	+64.4%	498	\$14,798,203	Top Gun: Maverick
2021	\$4,482,808,453	+112.1%	440	\$10,188,201	Spider-Man: No Way Home
2020	\$2,113,846,800	-81.4%	456	\$4,635,628	Bad Boys for Life
2019	\$11,363,360,759	-4.4%	910	\$12,487,209	Avengers: Endgame
2018	\$11,892,160,011	+7.4%	993	\$11,975,991	Black Panther
2017	\$11,075,387,520	-2.6%	854	\$12,968,837	Star Wars: Episode VIII - The Last Jedi
2016	\$11,375,225,455	+2%	855	\$13,304,357	Finding Dory
2015	\$11,148,780,747	+7.5%	845	\$13,193,823	Jurassic World
2014	\$10,368,861,849	-5.4%	849	\$12,213,029	Guardians of the Galaxy
2013	\$10,955,524,800	+1%	826	\$13,263,347	Iron Man 3
2012	\$10,843,641,372	+6.8%	807	\$13,436,978	The Avengers

Source: *Box Office Mojo*

**Table 6: Showing Nigerian Box Office Performance in 2023**

Rank	Release	Gross	Theaters	Total Gross	Release Date	Distributor
1	Fast X	\$572,016	1	\$607,579	May 19	Universal Pictures International (UPI)
2	The Super Mario Bros. Movie	\$125,140	1	\$138,042	Apr 7	Universal Pictures International (UPI)
3	Oppenheimer	\$71,226	1	\$75,070	Jul 21	Universal Pictures International (UPI)
4	Puss in Boots: The Last Wish	\$63,126	1	\$141,199	Dec 23	Universal Pictures International (UPI)
5	M3GAN	\$20,724	1	\$47,094	-	Universal Pictures International (UPI)
6	The Exorcist: Believer	\$19,620	1	\$20,858	Oct 6	Universal Pictures International (UPI)
7	Renfield	\$17,401	1	\$18,300	Apr 14	Universal Pictures International (UPI)
8	Trolls Band Together	\$16,900	1	\$17,368	Oct 27	Universal Pictures International (UPI)
9	Cocaine Bear	\$15,230	1	\$23,857	Feb 24	Universal Pictures International (UPI)
10	Ruby Gillman: Teenage Kraken	\$7,328	1	\$7,372	Jun 30	Universal Pictures International (UPI)
11	Migration	\$5,497	1	\$32,179	Dec 22	Universal Pictures International (UPI)
12	Five Nights at Freddy's	\$5,200	1	\$5,528	Oct 27	Universal Pictures International (UPI)
13	My Big Fat Greek Wedding 3	\$4,655	1	\$5,085	Sep 8	Universal Pictures International (UPI)

Source: Box Office Mojo

## Findings

Data from Comscore, amplified by commentaries from FilmOne and CEAN show that admission ticket prices have been reviewed upwards a few times since 2020 in response to inflation and rising cost of doing business in Nigeria. The size of the box office revenue has been climbing while footfalls and audience enthusiasm have shrunk by as much as 50 percent since 2020. Unlike the near ubiquitous presence of Nollywood film productions in the era of VHS, VCD and DVD, there is little or no Nollywood box office crossing of international boundaries across Africa. Classification and rating decisions of the NFVCB have affected audience enthusiasm according to records. Of the 2500 Nollywood film titles produced annually, less than 50 titles are acquired by the global giant streaming platform, Netflix. This suggests a major gap in international audience appeal.

## Conclusion

Box office ticket pricing in the period in which more Nigerians are moving steadily into multi-dimensional poverty will unsurprisingly trigger the growing loss of audience enthusiasm for cinema experience. Nollywood production houses seem unintentional about making cross over films for international box office audience appeal. The concentration of cinema houses in the cities and focused investment into elitist

cinplexes have created an exclusivist appeal that are likely to alienate the majority of the population. A box office business model that connects with the bottom of the pyramid, provided for by the era of Nollywood film viewing centres across Africa cries for re-emergence.

## **Recommendations**

1. The Federal Government should quickly spell out its film policy, which must align with national obligations as well as the African 2063 agenda.
2. The Creative Industries Unit of the Bank of Industry, as part of its strategic economic growth plan, should target creating business capital for 2,000 cinema screens in the unserved rural communities.
3. Cinema Exhibitors Association of Nigeria should embark on training its members for the requirements of today's business skills.
4. The NFVCB should engage producers and CEAN for a review of business strategies as a way to reverse the near zero appeal of Nollywood films for global streaming giants such as Netflix.
5. The NFVCB should work with producers and CEAN to track box office market algorithms and evaluation for regional and global competitiveness.

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