

# **An enquiry into the competition structure in the South African newspaper industry**

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## ABSTRACT

The South African newspaper industry has not changed much over the past fifteen years since democracy. Although the government has with very good intentions declared that the media, and especially the print media, should be accessible to all the people of the country, it has not materialised and most of the media is still focused on one or the other group of the population only.

The government also involved the big media companies, when they implemented the Media, Development and Diversity Agency (MDDA), in an attempt to try to communicate with all the people of the country, especially people in the rural areas, via print media and community radio.

This meant that the big role players, together with government, contributed financially to a fund, from which the grassroots newspapers and community radio stations would be funded and developed. It was a good idea that has since lost most of the initial mission and vision through bad management, but mostly because the MDDA became a politicised agency.

The future of the independent media is still in the balance because of other factors in the market. These factors include the total control that the bigger media companies have over the associations, forums, printing and other bodies that control or has an input in the running of the media in South Africa.

The study that was undertaken had the primary objective of establishing an understanding of the newspaper industry in South Africa, by analysing and identifying the type of industry market structure it has taken on. The study also has the secondary objectives to identify the role players in the South African newspaper industry and the influence and control they have in the market. The survey also aims to identify some problems and challenges facing the independent newspaper industry in South Africa and to provide

recommendations on how to improve the problems that the independently owned newspapers face in the market.

A study of this kind has never been done in South Africa and it therefore made it imperative, that most of the information that was used was obtained via self initiated questionnaires, interviews and investigations. A literature study was done to give the necessary background on market structures and their different characteristics in analysing the South African media industry. An analysis study was done using the internet, journals, articles and other material that were available, to obtain the necessary information regarding the current structures and role players in the South African newspaper industry.

This study will show that nothing much has changed in the media structures in South Africa over the past fifteen years. This study can also be used by people to do further investigation into certain areas of the media.

#### **KEYWORDS**

- South African newspaper industry
- Large media companies
- Independently owned newspapers

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## LIST OF ABBREVIATIONS

ABC	-	Audit Bureau of Circulation
ACA	-	Association for Communication and Advertising
AIP	-	Association of Independent Publishers
FJC	-	Forum of Community Journalism
GAP	-	Grassroots Advertising Procurement
GEAR	-	Growth, Employment and Redistribution programme
MDDA	-	Media Development and Diversity Agency
NIZA	-	Netherlands Institute of Southern Africa
PMSA	-	Print Media South Africa
WAN	-	The World Association of Newspapers

# CHAPTER ONE

## NATURE AND SCOPE OF STUDY

### 1.1 INTRODUCTION

The South African newspaper industry has always been about competition. It has always been about diversity. It has always been about equality. But competition in South Africa defies equality, and diversity defies both unity and equality. Diversity encourages competition, and in the liberating atmosphere of freedom, improves society by allowing choice and selection, leading in turn to the emergence of the best. When a society is so oriented and in harmony with itself, unity and freedom against the backdrop of diversity are indeed possible.

Human beings all start out equal at birth, but economics and social status define diversity which drives competition and achievement. These provide the means for all to enjoy God's gifts of life, liberty and prosperity. Diversity ascends to where we achieve the state of "*e pluribus Unum*": one out of many.

Competition is, therefore, a desirable trait in any society. Competition should never be confused with the term "capitalism". Large, powerful companies and their allies in the current political state do not even remotely translate to competition. In fact, competing companies typically create an environment where the losers run to their allies in government to saddle successful competitors with restraint of trade lawsuits and other protections. These actions translate to higher consumer prices (Lang, 2005).

In the 1970s, newspapers in South Africa were numerous and fiercely competitive. Even if some journalistic ventures, newspaper and magazines found it difficult to maintain a clear line in separating news from opinion, readers always

knew which way politically the papers' publishers and their editors leaned. Often, certain news events were framed, in what could easily be described in the 1970s, as biased.

Although South African readers enjoy a multitude of newspaper titles, the actual content is invariably produced in a handful of centralised newsrooms created by the convergence and conglomeration of the country's mainstream media – in both the commercial and public media sectors.

The only media that breaks this homogenous mould is the nearly invisible network of small independently owned newspapers and magazines operating from the margins of South Africa's economy. This entrepreneurial press (or backyard media) has managed to thrive despite an absence of any real donor or institutional support over the past 10 years. Independently owned newspapers have nurtured some of South Africa's most influential journalists, and are increasingly playing a crucial watchdog role at the grassroots community level, where the bulk of South African government spending happens but where the country's mainstream media fail to reach (Netshitenzhe, 1998).

In some countries, governments moved quickly after wars of liberation to take control of the mass media, as seen in Zimbabwe. In South Africa, the government did not set up a Mass Media Trust to run the press and force it to follow the government. Nor did it introduce anti-trust legislation to break up the media companies.

As it turned out, the post 1994 government has not acted against the media, despite the battery of criticism they have faced in their first years in office. They may have exchanged harsh words with editors - but they have always honoured the principles of freedom of expression and freedom of the press which were entrenched in the constitution. It does not imply that government is satisfied with the current ownership and control of the media. In fact, government believes that

mass media companies are lagging behind other sectors in transforming themselves to suit the new South African environment.

Many major South African media companies have restructured their operations to involve disadvantaged communities and broaden the base of the economy, for example Group Five, Murray and Roberts and Impala Mines. Companies which have benefitted from the skewed economic system created by apartheid have transformed their share structures in the post-apartheid period to give other South Africans a share in their wealth.

These companies have unbundled, set up new share options, involved their staff in key issues, and have generally adopted a business posture which is in line with the requirements of our new democracy. In addition, they have demonstrated a sense of economic patriotism, investing in the people of South Africa and building truly South African business initiatives. Because of the influence of the media in shaping opinions, it is important to guard against the concentration of ownership in the hands of a small group of people.

It is precisely because South Africa needs a diversity of ideas that it needs a diversity of ownership. And that principle extends both to the number of institutions which are able to publish and broadcast, and to the ownership structure of those individual institutions. The priority must be to bring about a media system which provides for the diverse information needs of the people - particularly those who have been deprived of information. It is of utmost importance to empower the maximum number of people to publish or broadcast without fear of being pushed out of the market or of being swallowed up by a multi-media giant (Sexwale, 2005).

Critics argue that reliance on the market for funding has left the media vulnerable and unable to perform their traditional public sphere roles of being critical-rational spaces for debate. They contend that in response to the market logic, the mainstream commercial media now prefer sensational news, sport,

entertainment and scandal over serious political and investigative journalism. With few exceptions, mainstream media content in South Africa conforms to the critics' characterisation. The existence of monopolistic and oligopolistic conditions has not helped matters. New entrants will find the South African media market "full", and will need to have deep pockets if they are to make any inroads into it. The collapse of *This Day*, a Nigerian-owned quality broadsheet newspaper two years ago, after only 12 months in circulation, is testimony to the strength of the market as a de facto new regulator of the print media in the country. At least three other smaller publications have also collapsed in the country over the past 24 months after failing to compete with the larger titles, some of which are being subsidised by their parent companies.

The South African government's initiative to counter the hegemony of the mainstream press by supporting the development of a community and independent press, resulted in the establishment of the Media Development and Diversity Agency (MDDA) in 2002. But in the context of state fiscal frugality inspired by the Growth, Employment and Redistribution programme (GEAR), and the (understandable) reluctance of larger media companies to invest more money into the project, the MDDA has not been able to sufficiently execute its mandate, mainly because of financial constraints. Meanwhile, the dominant groups remain unruffled. With market rumours of possible mergers between Johnnic (Avusa) and HCI (owners of E-TV) and more recently, the Caxton bid for Johnnic, we are likely to see in South Africa a highly integrated and monopolistic media system whose functions are dictated by the market (Chuma, 2006).

## **1.2 PROBLEM STATEMENT**

One of the biggest challenges facing many community newspapers is access to national, provincial or even local advertising resources. This includes national

advertisers such as larger companies, the government and government at provincial and local level.

Community newspapers that belong to the bigger companies have an advantage because of their representation by media procurement groups owned within the same company i.e. Ads24 for Media24 newspapers and the National Advertising Bureau (NAB) who procures national advertising for community newspapers belonging to the Caxton group. They can negotiate package deals.

Small, rural, and independently owned publishers seldom have structures that represent them on a national level. Some are represented by Capro, but even then the constant competition to procure advertising, which is the lifeline of any newspaper especially those that are free of charge, seems to be a problem without an immediate or foreseeable solution. Without local advertising they simply cannot convince major media buyers or media strategists to use their titles. Independently owned newspapers also often don't have the scales of economy or national networks of newspapers or other media forms for cross advertising and publicity that are offered by their larger media competitors.

In 2008 the Association of Independent Publishers (AIP) in partnership with the Media Development & Diversity Agency (MDDA), started South Africa's first focused research into ways for the independently owned media to improve its share of the national advertising allocation. The Grassroots Advertising Procurement (GAP) initiative will investigate practical and cost-effective solutions to the most common problems faced by smaller publishers. This includes surveying perceptions of the problems associated with independently owned newspapers amongst major advertising executives, media strategies, campaign planners, and various advertising procurement agencies. The research will also test perceptions amongst government advertisers, including parastatals, and promotion agencies.

GAP will also evaluate what the best strategies and/or mechanisms are for overcoming the hurdles faced by small publishers. These include the possible

creation of syndicates of independently owned publishers, who are able to match the deals offered by large publishing groups by making joint pitches for advertising accounts or offering 'package' discounts. This already started in the Limpopo province (MDDA, 2009).

Other strategies under evaluation include ways to give smaller publishers the same kinds of credible market and audience research that larger competitors use to clinch advertising deals, improved newspaper marketing toolkits, and GAP will also explore the potential for small publishers to use geomapping tools to counter detailed market research, such as used by larger publishing companies. Geomapping would allow small publishers to graphically plot their circulation and reader demographics onto interactive electronic maps that already mark the location of advertisers such as retailers and dealerships (Arenstein, 2006). GAP is being jointly funded by the MDDA and Netherlands Institute of Southern Africa (NIZA).

### **1.3 OBJECTIVES OF THE STUDY**

The objective of the study is divided into a primary and three secondary objectives.

#### **1.3.1 THE PRIMARY OBJECTIVE**

The primary objective of this study is to establish an understanding of the newspaper industry in South Africa by analysing and identifying the type of industry market structure which is adopted.

#### **1.3.2 THE SECONDARY OBJECTIVES**

The secondary objectives of the study are:

- To identify the role players in the South African newspaper industry and the influence and control they have in the market.

- To identify some problems and challenges facing the newspaper industry in South Africa.
- To provide recommendations on how to improve the current market structure of the South African newspaper industry.

## **1.4 RESEARCH METHODOLOGY**

In this study the following methodology were used in the execution of the research:

### **1.4.1 LITERATURE STUDY**

- A literature study was done to form the necessary background on market structures and their different characteristics.
- An analysis study was done using the internet, journals, articles and other material that could be found to obtain the necessary knowledge about the current structures and role players in the South African newspaper industry.

### **1.4.2 EMPIRICAL RESEARCH**

- Market data was gathered from Company A, through capturing actual monthly advertising expenditure, to determine the income generated from national advertising for an independently owned newspaper.
- An empirical study was done through a questionnaire (Annexure) sent to 85 independently owned newspaper owners which was completed anonymously and then returned.
- Unstructured telephonic and personal interviews with stakeholders in the industry were done, as well as confidential interviews with managers at two of the larger media publishers.

## 1.5 SCOPE OF THE STUDY

The study takes a look at the print media in South Africa over the last ten years. It will look at macro perspective newspapers only and will focus on independently owned newspapers in South Africa.

## 1.6 LIMITATIONS OF THE STUDY

A study of this nature has never been done before and therefore sources, references and research material are not readily available. The dominant role of the bigger companies also made it difficult to get response from their managers and employees who were only prepared to take part in the research and answer questions with an agreement of confidentiality.

The focus of the study therefore, was on the independently owned newspapers with which a 100% response rate could not be achieved because of the financial limitations. The study can therefore be used as a groundbreaking study.

Certain available information was used and the remainder was researched over a period of nine months. The study only concentrates on the newspaper segment in the printed media industry.

However, the study can be used as a broad guideline for independent newspaper owners when planning ahead; it will present information about the state of the media industry in South Africa; it will expose how government's plans to get the news out to everybody at all levels of society, are failing.

## 1.7 TERMINOLOGY

**Competition** - The act of seeking, or endeavouring to gain, what another is endeavouring to gain at the same time; common strife for the same objects; strife for superiority; emulous contest; rivalry, as for approbation, for a prize, or as

where two or more persons are engaged in the same business and each seeking patronage; - followed by for before the object sought, and with before the person or thing competed with.

**Independently owned newspapers** - newspapers owned by individuals that do not form part of the four large media publishers.

**Large media companies / publishers** – the four large publishing companies in South Africa: Independent Newspapers, Avusa (formerly known as Johnnic Communications), Naspers (Media24) and CTP/Caxton, as discussed in chapter 3.

**Print media** - printed, as distinguished from broadcast or electronically transmitted communications. The print media include all newspapers, newsletters, booklets, pamphlets, magazines, and other printed publications, especially those that sell advertising space as a means of raising revenue.

## 1.8 LAYOUT OF THE STUDY

### **Chapter 1 – Nature and Scope of the Study**

This chapter is an introduction to the study and the problems encountered. It is also devoted to issues such as the problem statement, objectives of the study, the demarcation of the field in which the study was done, the research methodology and also the limitations as far as material, information and other tolls are concerned.

### **Chapter 2 – The Different Economic Market Structures**

This chapter contains a literature study on the specific market forms in an economy.

### **Chapter 3 – The Media Industry in South Africa**

This chapter contains an analysis of the structures and role players in the media industry in South Africa to obtain the necessary background about the industry.

### **Chapter 4 – Empirical Study**

This chapter will look at the results from the questionnaires, the comments by the owners of the papers and the results of interviews that were done.

### **Chapter 5 – Conclusions and Recommendations**

This is the final chapter in which conclusions are reached and recommendations are made.

## **1.9 CONCLUSION**

In chapter one, the problem from which the study originates is stated. In addition, the primary and secondary objectives, which the study aims to achieve, are defined. Furthermore, the method of research, the scope of the study and its limitations are described.

## **CHAPTER TWO**

### **DIFFERENT ECONOMIC MARKET STRUCTURES**

#### **2.1 INTRODUCTION**

In chapter one the scope and nature of the study is explained. In this chapter the different market structures will be identified and explained. This will form the basis from which the current market structure of the South African media industry can be identified.

The behaviour of companies is explained by the respective market structures. In essence, the behaviour of a company in a perfectly competitive market is a theoretical model which serves as a benchmark (standard) against which the behaviour of the other types in the market can be analysed. The market structures that will be discussed are perfect competition, monopolistic competition, oligopoly, oligopsony, monopoly and monopsony.

#### **2.2 THE MARKET CONCEPT**

A market is any one of a variety of different systems, institutions, procedures, social relations and infrastructures whereby persons trade, or goods and services are exchanged, and is part of the economy. It is an arrangement that allows buyers and sellers to exchange goods and services. Markets vary in size, range, geographic scale, location, as well as the types of goods and services traded.

In mainstream economics, the concept of a market is any structure that allows buyers and sellers to exchange any type of goods, services and information. The exchange of goods or services for money is a transaction. Market participants

consist of all the buyers and sellers of a product who influence its price. This influence is a major study of economics and has given rise to several theories and models concerning the basic market forces of supply and demand. There are two role players in free markets, buyers and sellers. The market facilitates trade and enables the distribution and allocation of resources in a society. Markets allow any tradable item to be evaluated and priced. A market emerges more or less spontaneously or is constructed deliberately by human interaction in order to enable the exchange of rights (ownership) of services and goods.

A market is defined as a product or a group of products and a geographical area in which it is sold such that a hypothetical, profit maximizing company, not subject to price regulation, that was the only present and future seller of those products in that area would impose a 'small but significant and non-transitory increase in price above prevailing or likely future levels (Sheffrin, 2003).

### **2.3 MARKET CONCENTRATION**

Market concentration refers to the number of companies that sells a particular product or collection of closely related products in a market and to the distribution of the companies' sizes in terms of sales. Concentration is considered to be an important dimension of market structure because it is thought to determine both the market power of competitors and opportunities for consumer choice (Xu, 2005).

### **2.4 MARKET STRUCTURES**

Market structure refers to the way a market is organised (O'Connor, 2004:387). It focuses on those aspects of market structure that have an influence on the behaviour of companies and consumers (as sellers and buyers). In this way

market structure is concerned with organisational and other characteristics of markets which affect the nature of competition and pricing. An analysis of market structure is the empirical side of the theory of production costs and the theory of consumer demand (Lewis and Littler, 1999).

Traditionally, the most important features of market structure are the number, size, and distribution of buyers and sellers. This determines the extent to which a market may be close to perfect competition or to monopoly (or somewhere in between the two, for example, oligopoly). Often this is determined by the existence or the absence of barriers to entry.

The development of the theory of markets has identified three components:

- Structure
- Conduct
- Performance

These three components influence one another simultaneously rather than sequentially, and allow economists to distinguish one particular market from another.

Structure and conduct of markets are seen as acting together or separately to influence performance. Therefore elements relating to the criteria such as the concentration of buyers and sellers, conditions of entry, nature of the product supplied, as well as the extent of diversification, will all affect the performance of a market.

Economists often use concentration measures to evaluate a particular structure. These measures, which can be classified as absolute or one-dimensional and relative, indicate the extent to which a particular market is accommodated by a given proportion of sellers.

Generally, performance relates to the efficiency of the market in utilising scarce resources to meet demand for goods and services in the economy. In some respects, performance is concerned with the ability of the market to contribute to welfare. Performance issues relate to productive, distributive and locative efficiency, as well as technological progress and a product's 'commercial' performance in the market.

Efficiency refers to the relationship between relatively scarce factor inputs and the outputs of goods and services generated from these scarce factors in the economy. This relationship can be measured in physical terms, such as technological efficiency, or in cost terms, such as economic efficiency. The concept of efficiency is used as a criterion in judging how well markets have allocated resources.

In terms of specifying the standards of market structure and conduct that are likely to result in an 'acceptable' market performance, pragmatic or workable competition attempts to provide useful guidelines in applying competition policy to real world markets. Policy makers may aspire to a theoretical ideal of the model of perfect competition, but there are sometimes important operational difficulties involved in stipulating acceptable norms (such as defining a fair level of profits).

In the next table (2.1) a brief summary of market structures are given.

**Table 2.1: BRIEF SUMMARY OF MARKET STRUCTURES**

<u>Basic Market Structures</u>				
<u>Market Structure</u>	<u>Seller Entry Barriers</u>	<u>Seller Number</u>	<u>Buyer Entry Barriers</u>	<u>Buyer Number</u>
Perfect Competition	No	Many	No	Many
Monopolistic competition	No	Many	No	Many
Oligopoly	Yes	Few	No	Many
Oligopsony	No	Many	Yes	Few
Monopoly	Yes	One	No	Many
Monopsony	No	Many	Yes	One

(Source: Own compilation)

In table 2.1 above, a comparison is made between the different market structures. Referring to seller entry barriers, the number of sellers, buyer entry barriers and the number of buyers found in the different market structures.

### **2.4.1 PERFECT COMPETITION**

Perfect competition is an idealised market environment in which every market participant is too small to affect the market price by acting on its own.

Perfect competition describes a market in which no buyer or seller has market power. Such markets are usually locative and productively efficient. In general a perfectly competitive market is characterised by the fact that no single company has influence on the price of the product it sells. Because the conditions for perfect competition are very strict, there are few perfectly competitive markets (Arrow, 1959).

In neoclassical economics and microeconomics, perfect competition describes a market in which there are many small companies, all producing homogeneous

goods. In the short term, such markets are productively inefficient as output will not occur where marginal cost is equal to actual cost, but locative efficient, as output under perfect competition will always occur where marginal cost is equal to marginal revenue, and therefore where  $mc$  equals  $ar$ . However, in the long term, such markets are both locative and productively efficient. In general a perfectly competitive market is characterised by the fact that no single firm has influence on the price of the product it sells. Because the conditions for perfect competition are very strict, there are few perfectly competitive markets.

Neoclassical economics is a term used variously for approaches to economics focusing on the determination of prices, outputs, and income distributions in markets through supply and demand, often as mediated through a hypothesised maximization of income-constrained utility by individuals and of cost-constrained profits of firms employing available information and factors of production, in accordance with rational choice theory (Campus, 1987).

Microeconomics is a branch of economics that studies how households and firms make decisions to allocate limited resources, typically in markets where goods or services are being bought and sold (Bade, et al 2001).

A perfectly competitive market may have several distinguishing characteristics, including:

- Many buyers/Many Sellers – many consumers with the willingness and ability to buy the product at a certain price. Many producers with the willingness and ability to supply the product at a certain price.
- Homogeneous Products – the products of the different companies are exactly the same, e.g. salt.
- Low-Entry/Exit Barriers – it is relatively easy to enter or exit as a business in a perfectly competitive market.
- Perfect Information - both consumers and producers.

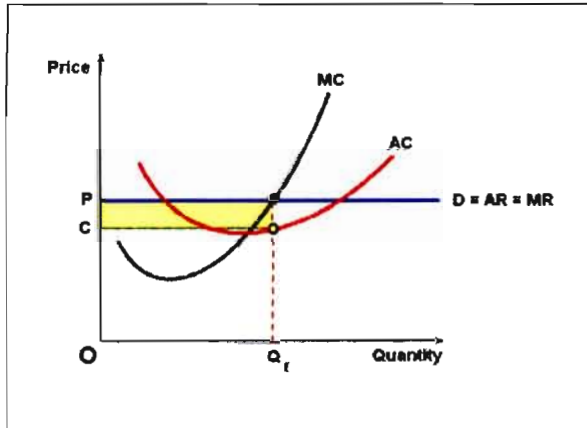
- Companies aim to maximize profits - companies aim to sell where marginal costs meet marginal revenue, where they generate the most profit.

The importance of perfect competition derives from the fact that price taking by the company guarantees that when companies maximise profits (by choosing the quantity they wish to produce and the combination of factors of production to produce it with) the market price will be equal to marginal cost. An implication of this is that a factor's price (wage and rent) equals the factor's marginal revenue product. This allows for derivation of the supply curve on which the neoclassical approach is based (note, that this is also the reason why a monopoly does not have a supply curve). In a perfectly competitive market, a firm's demand curve is perfectly elastic.

In contrast to a monopoly or oligopoly, it is impossible for a company in perfect competition to earn economic profit in the long run, which is to say that a company cannot make any more money than is necessary to cover its economic costs. In order not to misinterpret this zero-long-run-profits thesis, it must be remembered that the term profit is also used in other ways. Neoclassical theory defines profit as what is left of revenue after all costs have been subtracted, including normal interest on capital plus the normal excess over it required to cover risk, and normal salary for managerial activity. Classical economists on the contrary, defined profit as what is left after subtracting costs except interest and risk coverage; thus, if one leaves aside risk coverage for simplicity, the neoclassical zero-long-run-profit thesis would be re-expressed in classical parlance as profits coinciding with interest in the long period, i.e. the rate of profit tending to coincide with the rate of interest. Profits in the classical meaning do not tend to disappear in the long period but tend to normal profit. With this terminology, if a firm is earning abnormal profit in the short term, this will act as a trigger for other firms to enter the market. They will compete with the first firm, driving the market price down until all firms are earning normal profit only. It is

important to note that perfect competition is a sufficient condition for locative and productive efficiency, but it is not a necessary condition (Smith, 1987).

### Graph 2.1: PERFECT COMPETITION



(Source: Petri, 2004)

In a perfect competitive market, a firm's demand curve is perfectly elastic. It is possible for a company to make a profit. This situation is shown in graph 2.1 above, as the price or average revenue, indicated by P, is above the average cost indicated by C. Over a long period, positive profit cannot be sustained. The arrival of new companies or expansion of existing companies in the market causes the (horizontal) demand curve, indicated by D, of each individual company to shift downward, bringing down at the same time the price, the average revenue and marginal revenue curve, also indicated by D. The final outcome is that, in the long run, a company will make only normal profit (zero economic profit). Its horizontal demand curve will touch its average total cost curve at its lowest point.

### 2.4.2 MONOPOLISTIC COMPETITION

Monopolistic competition is a market form of imperfect competition. Many markets can be considered monopolistically competitive, often including the

markets for restaurants, cereal, clothing, shoes and service industries in large cities (Gans et al, 2003).

Monopolistically competitive markets have the following characteristics:

- There are many producers and many consumers in a given market, and no business has total control over the market price.
- Consumers perceive that there are non-price differences among the competitors' products.
- There are few barriers to entry and exit.
- Producers have a degree of control over price.

The characteristics of a monopolistically competitive market are almost the same as in perfect competition, with the exception of heterogeneous products, and that monopolistic competition involves a great deal of non-price competition (based on subtle product differentiation). A firm making profits in the short run will break even in the long run because demand will decrease and average total cost will increase. This means in the long run, a monopolistically competitive firm will make zero economic profit. This gives the amount of influence over the market; because of brand loyalty, it can raise its prices without losing all of its customers. This means that an individual firm's demand curve is downward sloping, in contrast to perfect competition, which has a perfectly elastic demand schedule.

### **2.4.3 OLIGOPOLY**

This is a market characterised by a small number of producers who often act together to control the supply of a particular good and its market price. Oligopoly is a market in which a limited number of sellers follow the lead of a single major company. For example, American Motors, Chrysler, and Ford following the pricing lead of industry giant General Motors.

An oligopoly is a market form in which a market or industry is dominated by a small number of sellers (oligopolists). The word is derived from the Greek for few (entities with the right to) sell. Because there are few participants in this type of market, each oligopolist is aware of the actions of the others. The decisions of one company influence, and are influenced by, the decisions of other companies. Strategic planning by oligopolists always involves taking into account the likely responses of the other market participants. This causes oligopolistic markets and industries to be at the highest risk for collusion. Therefore oligopolists will not engage in price wars as it will be to their disadvantage.

Oligopolistic competition can give rise to a wide range of different outcomes. In some situations, the companies may employ restrictive trade practices (collusion and market sharing) to raise prices and restrict production in much the same way as a monopoly. Where there is a formal agreement for such collusion, this is known as a cartel. A primary example of such a cartel is the Organisation of Oil Exporting Countries (OPEC), for example Iraq and Saudi-Arabia, which has a profound influence on the international price of oil.

Companies often collude in an attempt to stabilise unstable markets, so as to reduce the risks inherent in these markets for investment and product development. There are legal restrictions on such collusion in most countries. There does not have to be a formal agreement for collusion to take place (although for the market behaviour to be illegal there must be real communication between companies) - for example, in some industries, there may be an acknowledged market leader which informally sets prices to which other producers respond, known as price leadership.

In other situations, competition between sellers in an oligopoly can be fierce, with relatively low prices and high production levels. This could lead to an efficient outcome approaching perfect competition. The competition levels in an oligopoly can be greater than when there are more companies in an industry if, for

example, the companies were only regionally based and didn't compete directly with each other.

Thus, the welfare analysis of oligopolies suffers from sensitivity to the exact specifications used to define the market's structure. In particular, the level of deadweight loss is hard to measure. The study of product differentiation indicates oligopolies might also create excessive levels of differentiation in order to stifle competition.

#### **2.4.3.1 OLIGOPSONY**

Oligopsony is a form of oligopoly, characterised by a small number of large buyers who control all purchases and therefore the market price of a product or service. It is a market in which a limited number of buyers follow the leadership of a single large company (Hannard, 2007). For example, in a town or region, a large bank may set rates on certificates of deposit that are then adopted by smaller banks and savings and loan associations on their own certificates of deposit.

Oligopsony is a market form in which the number of buyers is small while the number of sellers in theory could be large. This typically happens in markets for inputs where a small number of companies are competing to obtain factors of production. This also involves strategic interactions but of a different nature than when competing in the output market to sell a final output. Oligopoly refers to the market for output while oligopsony refers to the market where these firms are the buyers and not sellers, for example a factor market. A market with a few sellers (oligopoly) and a few buyers (oligopsony) is referred to as a bilateral oligopoly.

An oligopsony is a market form in which the number of buyers is small while the number of sellers in theory could be large. This typically happens in a market for inputs where a small number of companies are competing to obtain factors of

production. It contrasts with an oligopoly, where there are many buyers but just a few sellers. An oligopsony is a form of imperfect competition.

The terms monopoly (one seller), monopsony (one buyer), and bilateral monopoly have a similar relationship.

One example of an oligopsony in the world economy is cocoa, where three firms (Cargill, Archer Daniels Midland, and Callebaut) buy the vast majority of world cocoa bean production, mostly from small farmers in third-world countries. Likewise, American tobacco growers face an oligopsony of cigarette makers, where three companies (Altria, Brown & Williamson, and Lorillard Tobacco Company) who buy almost 90% of all tobacco grown in the USA.

In each of these cases, the buyers have a major advantage over the sellers. They can play off one supplier against another, thus lowering their costs. They can also dictate exact specifications to suppliers, for delivery schedules, quality, and (in the case of agricultural products) crop varieties. They also pass off much of the risks of overproduction, natural losses, and variations in cyclical demand to the suppliers.

#### **2.4.4 MONOPOLY**

A monopoly is a business that is the sole supplier of a particular good or service. Regulated monopolies, such as electric utilities, are generally restricted as to the returns they are permitted to earn (Friedman, 2002). Other monopolies such as companies with unique products or services derived from patents, copyrights, or geographic location may be able to earn very high returns.

In economics, a monopoly (from Greek *monos* , alone or single + *polein* , to sell) exists when a specific individual or enterprise has sufficient control over a particular product or service to determine significantly the terms on which other individuals shall have access to it. Monopolies are thus characterized by a lack of

economic competition for the good or service that they provide and a lack of viable substitute goods. The verb "monopolise" refers to the process by which a company gains persistently greater market share than what is expected under perfect competition (Blinder et al, 2001).

A monopoly should be distinguished from monopsony (as discussed in 2.4.4.1), in which there is only one buyer of a product or service; a monopoly may also have monopsony control of a sector of a market. Likewise, a monopoly should be distinguished from a cartel (a form of oligopoly as discussed in 2.4.3), in which several providers act together to coordinate services, prices or sale of goods. Monopolies can form naturally or through vertical or horizontal mergers. A monopoly is said to be coercive when the monopoly company actively prohibits competitors from entering the field.

In many jurisdictions, competition laws place specific restrictions on monopolies. Holding a dominant position or a monopoly in the market is not illegal in itself, however certain categories of behaviour can, when a business is dominant, be considered abusive and therefore be met with legal sanctions. A government-granted monopoly or legal monopoly, by contrast, is sanctioned by the state, often to provide an incentive to invest in a risky venture or enrich a domestic constituency. The government may also reserve the venture for itself, thus forming a government monopoly, for example Eskom, Telkom and to some extent, South African Airways in South Africa.

A monopoly is not merely the state of having control over a product; it also means that there is no real alternative to the monopolised product. Because a single company controls the total supply in a pure monopoly, it is able to exert a significant degree of control over the price by changing the quantity supplied.

A company with a monopoly does not undergo price pressure from competitors, although it may face pricing pressure from potential competition. If a company raises prices too high, then others may enter the market if they are able to

provide the same good, or a substitute, at a lower price. The idea that monopolies in markets with easy entry need not be regulated against, is known as the revolution in monopoly theory (Davies et al, 1984).

A monopolist can extract only one premium, and getting into complementary markets does not pay. That is, the total profits a monopolist could earn if it sought to leverage its monopoly in one market by monopolizing a complementary market, are equal to the extra profits it could earn anyway by charging more for the monopoly product itself. However, the one monopoly profit theorem does not hold true if customers in the monopoly good are stranded or poorly informed, or if the tied good has high fixed costs.

The pricing and production choices made by monopoly companies follow identical decision rules as any other. That is, regardless of the type of company, the profit maximising price and quantity choice will equate the marginal cost and marginal revenue of production. The key difference in the outcome of such a rule is that typically a monopoly selects a higher price and lower quantity of output than a price-taking company - less is available at a higher price.

As long as the price elasticity of demand for most customers is less than one in absolute value, it is advantageous for a company to increase its prices: it then receives more money for fewer goods. With a price increase, price elasticity tends to rise, and in the optimum case above it will be greater than one for most customers.

According to the standard model, in which a monopolist sets a single price for all consumers, the monopolist will sell a lower quantity of goods at a higher price than would companies under perfect competition. Because the monopolist ultimately forgoes transactions with consumers who value the product or service more than its cost, monopoly pricing creates a deadweight loss referring to potential gains that goes neither to the monopolist nor to consumers. With the presence of this deadweight loss of economic efficiency (that can occur when

equilibrium for a good or service is not optimal), either people who would have more marginal benefit than marginal cost are not buying the good or service, or people who would have more marginal cost than marginal benefit are buying the product, the combined surplus (or wealth) for the monopolist and consumers is necessarily less than the total surplus obtained by consumers under perfect competition. Where efficiency is defined by the total gains from trade, the monopoly setting is less efficient than perfect competition (Samuelson, et al, 2001).

It is often argued that monopolies tend to become less efficient and innovative over time, becoming complacent giants, because they do not have to be efficient or innovative to compete in the marketplace. Sometimes this very loss of psychological efficiency can raise a potential competitor's value enough to overcome market entry barriers, or provide incentive for research and investment into new alternatives. The theory of contestable markets argues that in some circumstances (private) monopolies are forced to behave as if there were competition because of the risk of losing their monopoly to new entrants. This is likely to happen where a market's barriers to entry are low. It might also be because of the availability in the longer term of substitutes in other markets.

However, some argue that it can be good to allow a company to attempt to monopolise a market, since practices such as predatory pricing (explained below) can benefit consumers in the short term; and once the company grows too big, it can be dealt with via regulation. When monopolies are not cracked by the open market, often a government will step in, either to regulate the monopoly, turn it into a publicly owned monopoly environment, or forcibly break it up. Public utilities, often being natural monopolies and less susceptible to efficient breakup, are often strongly regulated or publicly owned.

The existence of a very high market share does not always mean consumers are paying excessive prices since the threat of new entrants to the market can

restrain high-market-share companies and price increases. Competition law does not make merely having a monopoly illegal, but rather abusing the power a monopoly may confer, for instance through exclusionary practices.

First, it is necessary to determine whether a company is dominant, or whether it behaves to an appreciable extent independently of its competitors, customers and ultimately, of its consumer. As with collusive conduct, market shares are determined with reference to the particular market in which the company and product in question, is sold.

Certain categories of abusive conduct are usually prohibited under the country's legislation, though the lists are seldom closed. The main recognised categories are:

- Predatory pricing, which is the practice of selling a product or service at a very low price, intending to drive competitors out of the market, or create barriers to entry for potential new competitors.
- Tying (commerce) and product bundling
- Limiting supply
- Price discrimination: price discrimination exists when sales of identical goods or services are transacted at different prices from the same provider. In a theoretical market with perfect information, transaction costs or prohibition on secondary exchange (or re-selling) to prevent exist arbitrage, price discrimination can only be a feature of monopoly and oligopoly markets, where market power can be exercised.
- Refusal to deal and exclusive dealing (Samuelson, et al, 2005).

Despite wide agreement that the above constitute abusive practices, there is some debate about whether there needs to be a causal connection between the dominant position of a company and its actual abusive conduct. Furthermore, there has been some consideration of what happens when a company merely attempts to abuse its dominant position.

#### 2.4.4.1 MONOPSONY

Monopsony is the existence of only one buyer in a market, forcing sellers to accept a lower price than the socially optimal price. It is a market in which there is a single buyer of a particular good or service. Businesses selling in a market characterised by monopsony are likely to suffer below-average profitability because of the lack of alternative outlets for their products (Kerr et al, 2002).

In economics, a monopsony (from Ancient Greek μόνος (monos) "single" + ὀψωνία (opsōnia) "purchase") is a market form in which only one buyer faces many sellers. It is an example of imperfect competition, similar to a monopoly, in which only one seller faces many buyers. As the only purchaser of a good or service, the "monopsonist" may dictate terms to its suppliers in the same manner that a monopolist controls the market for its buyers.

A single-payer health care system, in which the government is the only "buyer" of healthcare services, is an example of a monopsony. It has also been argued that Wal-Mart, in the US, functions as a monopsony in certain market segments, as its buying power for a given item may dwarf the remaining market.

A monopsonist has market power, because it can affect the market price of the purchased good by varying the quantity bought. Formally, this is so because a monopsonist faces a supply curve with finite (and generally positive) price elasticity (Manning, 2003). However, one can find this condition – and hence monopsony power – also in markets with more than one buyer. In all such cases the resulting market form is called an oligopsony.

For most practical purposes, what matters is monopsony power as such, whether it is exercised by one or more subjects. In traditional microeconomics, where monopsonists or oligopsonists are assumed to be profit-maximizing firms, monopsony power leads to a market failure, due to a restriction of the quantity purchased relative to the optimal competitive outcome. Moreover, markets with

monopsony power are predicted to react differently to public price regulations. Monopsony power is thus relevant from both the normative and positive points of view. The practical importance of its effects depends however, on its actual intensity, measured by the size of the deviation from competitive outcomes.

Traditional microeconomics tended to assume that in most modern cases such intensity was small enough to be ignored, justifying as an acceptable approximation the general use of much simpler competitive models (Boal, et al, 1997). The only and often quoted exception to this principle was assumed to be the labour markets of the nineteenth-century company towns, which were isolated mining centres with only one employer (the mining company) for almost everybody. This view has, however, been variously questioned by the more recent literature devoted to the actual measurement of monopsony power in observed markets.

## **2.5 CONCLUSION**

As can be inferred from the discussion in Chapter two and the four major media companies / publishers discussed in the next chapter, it can be established that the media structure in South Africa can be classified as an oligopoly. The barrier of entry that a new independently owned newspaper would encounter in an oligopoly would be:

- Access to advertising resources
- Access to printing facilities
- Access to affordable funding

The threats facing an existing independently owned newspaper in an oligopoly would be:

- No control over the pricing of advertising
- The collusion between the bigger media companies to control the market

This places the entrant in a difficult position because a well made business plan would not work since the available advertising prices of the bigger media companies are not fixed. The entrant will also not be aware of the agreements that exist between the bigger companies and advertising agencies.

## **CHAPTER THREE**

### **THE MEDIA INDUSTRY IN SOUTH AFRICA**

#### **3.1 INTRODUCTION**

In this chapter a brief history and description of the four major newspaper groups and the different associations currently controlling and monitoring the industry are presented to create a background of the current structure of the South African newspaper industry.

The print media in South Africa is dominated by four larger media companies / publishers - Independent Newspapers, Avusa (formerly known as Johnnic Communications), Naspers (Media24) and CTP/Caxton. The community print media, on which this study concentrates, consists of newspapers owned by Naspers and the Caxton group. Independently owned community papers make up a small portion of the community newspapers and it will be shown that their share of the advertising market is small compared to the larger companies.

#### **3.2 THE MAJOR MEDIA COMPANIES / PUBLISHERS IN SOUTH AFRICA**

There are four major media companies / publishers in the South African market, each of which is discussed below.

##### **3.2.1 INDEPENDENT MEDIA**

Independent Media, owned by Irish tycoon Tony O'Reilly, first acquired a stake in local newspapers in 1995 when it took control of Argus Newspapers in the 1990s and renamed it Independent Newspapers. Independent Newspapers is a wholly

owned subsidiary of Independent News and Media (South Africa) (Pty) Limited. It is the leading newspaper group in South Africa, publishing seventeen daily and weekly newspapers in the country's major metropolitan centres.

The group owns and publishes fourteen community newspapers in the Cape which are free and also has interests in community newspapers in Gauteng and KwaZulu Natal. It also publishes three of South Africa's leading lifestyle magazines and has significant interests in outdoor advertising, electronic media and commercial printing / publishing (Independent News and Media PLC, 2009).

*The Star* is the group's flagship daily newspaper. Other daily newspapers are the *Cape Argus*, the premier isiZulu newspaper *Isolezwe*, *Daily News*, *Cape Times*, *The Mercury*, *Pretoria News*, the *Diamond Fields Advertiser*, *Business Report* and *Daily Voice*. Independent's Sunday newspapers are the *Sunday Tribune*, *Independent on Sunday* and *Sunday Independent*, with the *Post* published on Wednesdays and Fridays.

The group enjoys aggregate weekly sales of 2.8-million copies, reaches about 63% of English newspaper readers, and receives about 48% of total advertising spent in the paid newspaper market (southafrica.info 2009).

In the next section, the second big media owner which will be discussed is Avusa Limited which was previously known as Johnnic Communications (Independent Media, 2009).

### **3.2.2 AVUSA LIMITED**

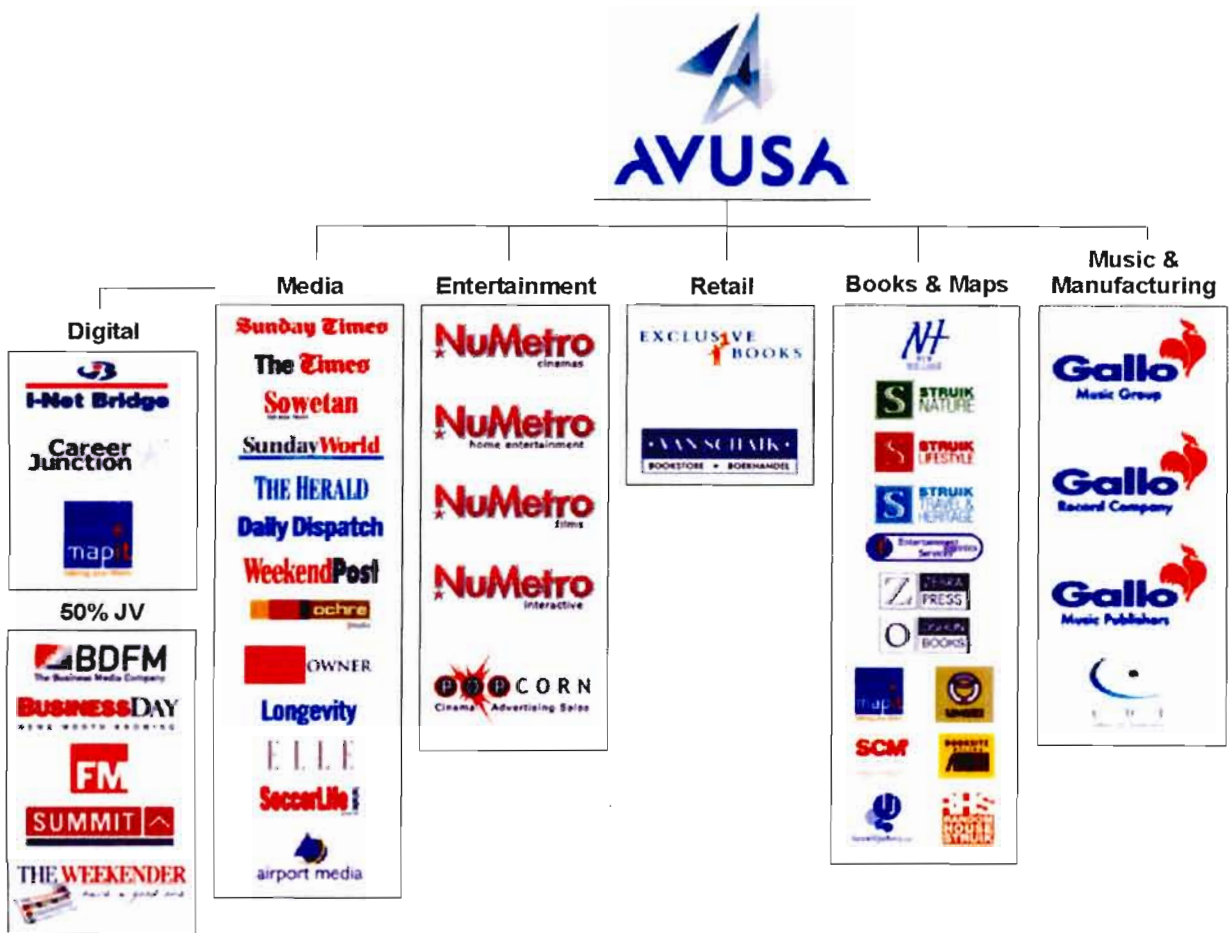
Avusa Limited was officially unveiled on 20 November 2007 as the new name for what was Johnnic Communications Limited (Johncom). Avusa Limited is owned by a coalition of black business groups and trade unions, the National Empowerment Consortium. The consortium bought Times Media Limited from

Anglo American's Omni Media Corporation in 1996. Avusa also publishes the *Sunday Times*, South Africa's leading Sunday newspaper, as well as the *Sowetan*, *Business Day*, *Sunday World*, *Daily Dispatch*, *The Herald*, *Weekend Post*, *Algoa Sun*, *Ilizwi* and *Our Times*. The group also have diversified interests in the music publishing company, Gallo Music, movie distributor, Nu Metro, the Exclusive Books chain of bookshops, and Struik, New Holland and Map Studio publishers.

The company has evolved and grown remarkably over the years, to become one of the preeminent media and entertainment organisations in South Africa and the continent (Avusa, 2009).

Figure 3.1 on the next page shows the company structure of AVUSA. It also shows that AVUSA has interests in Digital, Media, Entertainment (cinemas), Retail (i.e. Van Schaik), Books and Maps and Music and Manufacturing.

FIGURE 3.1: AVUSA COMPANY STRUCTURE



(Source: Avusa 2009)

The third of the bigger companies is Naspers who, apart from the involvement in print media, also controls the paid television channels in South Africa.

### 3.2.3 NASPERS

Naspers was incorporated in Cape Town on May 12, 1915 under the laws of the then Union of South Africa as a public limited liability company. Naspers conducts its operations primarily through its subsidiaries and other affiliates.

Naspers started as a printer and publisher of newspapers and magazines in 1915. Later, book publishing operations were founded. The print media operations of Naspers developed to such an extent over the years, that Naspers is now one of the leading media groups in Africa.

With the advent of electronic media, Naspers expanded its activities in the 1980s to incorporate pay-television and later internet platforms. In 1985, Naspers and several other South African media companies formed an electronic pay-media business, M-Net. M-Net was listed on the JSE in 1990. In October 1993, M-Net was divided into two companies. The subscriber management, signal distribution and cellular telephone businesses, together with a holding in FilmNet (a pay-television operator in Europe) were placed into a new company called MultiChoice Limited (later named MIH Holdings Limited).

In 1995, Richemont S.A. and MultiChoice Limited merged their global pay-television operations, including the interest in FilmNet, MultiChoice's operations in Africa, and Richemont's interest in Telepiu, into a single venture called NetHold B.V., which MultiChoice held through its subsidiary, MIH Limited. In March 1997, MIH Limited and Richemont merged most of NetHold's assets with Canal+, the French based pay-television operator. However, MIH Limited retained NetHold's African, Mediterranean and Middle East pay-television businesses and acquired 49% of Irdeto Access from Canal+. MIH Limited also received a small interest in Canal+. MIH Limited subsequently sold its interest in Canal+ to fund its expansion plans, including the purchase of the remainder of Irdeto Access from Canal+, the purchase of a 31.1% interest in the Thai pay-television operator UBC and the purchase of a 44.5% interest in OpenTV. Open TV and MIH Limited were listed on NASDAQ in 1999. In August 2002, MIH Limited sold its stake in Open TV.

In 1997, MIH Limited created an internet service provider and named it M-Web Holdings. In March 1998, M-Web Holdings was spun off as a listed entity on the JSE. It was subsequently delisted, and Naspers now holds 100% of the economic interest in the company.

In January 2000, Naspers merged its existing private education business with another leading South African private education service provider, thereby forming Educor Holdings Limited, which is one of the leading private education providers in South Africa. During 2000, Naspers also organised and branded its print media businesses under the Media24 umbrella.

In December 2002, Naspers conducted a reorganisation pursuant to which the minority interests in MIH Holdings and MIH Limited were swapped for shares in Naspers itself. Holders of MIH Limited shares, resident in any country other than South Africa, received their interest in Naspers shares in the form of Naspers ADS's. MIH Holdings shares were delisted from the JSE and MIH Limited's shares were delisted from NASDAQ. At the same time, Naspers' ADSs were listed on NASDAQ.

In May 2001, the group acquired a 46.5% interest in Tencent, the operator of an instant messaging platform in China called QQ. The business developed into the leading instant messaging business in China. Tencent listed on the Hong Kong Stock Exchange in June 2004, where after Naspers' interest decreased to 36.1%.

Naspers acquired an additional interest in M-Net and Supersport and subsequently they were both delisted from the JSE and Nigerian Stock Exchange with effect from April 15, 2004.

In December 2004, Naspers acquired a 9.9% interest in the Beijing Media Corporation ("BMC") for a cash consideration of Rand 273.2 million. BMC is a

media company principally engaged in the sale of advertising space for the *Beijing Youth Daily*, the production of newspapers and trading of print-related materials. On December 22, 2004 BMC listed its shares on the Hong Kong Stock Exchange.

On March 31, 2005, Naspers consolidated all its print media, book publishing (Via Afrika) and private education (Educor) assets under the Media24 umbrella in order to simplify the group structure.

In January 2006, Naspers sold its entire interest in United Broadcasting Corporation plc (“UBC”), Thailand’s leading pay-television operator, and MKSC World Dot Com Co.(“MKSC”), a leading Thai ISP, and recognised a profit on discontinuance of operations of Rand 1,032.2 million on the transaction. Details relating to this transaction are highlighted in note 28 to Naspers’ audited consolidated financial statements.

In April 2006, Naspers acquired, through Irdeto, the CryptoTec Conditional Access business from Koninklijke Philips Electronics NV for a cash consideration of Rand 230.7 million. The business is involved in the development and selling of content security systems.

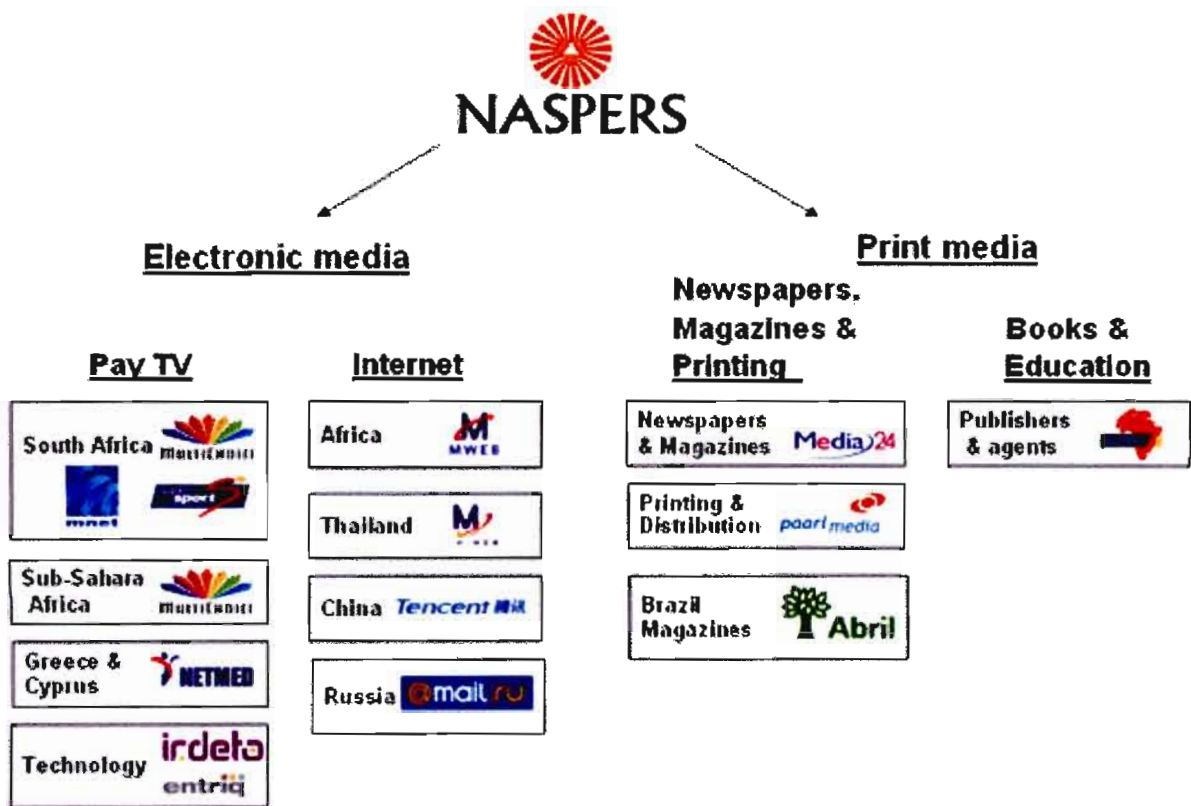
In May 2006, Naspers acquired a 30% interest in Abril S.A. (“Abril”) for a cash consideration of Rand 2,557.3 million. Abril is the largest magazine publisher in Brazil and one of the largest media companies in Latin America. In addition, Abril owns the country’s leading educational book publisher and a pay-television network.

In August 2006, MIH Print Media Holdings Limited (“MIH Print Media”) acquired a 20.2% interest in Titan, a leading company in the field of Chinese sports

publishing, for a cash consideration of approximately Rand 114.5 million (Naspers, 2009).

Figure 3.2 shows the company structure of Naspers and the vast interest it has in not only print media but also Paid Television, Internet, Newspapers, magazines and Printing, and Books and Education.

**FIGURE 3.2: NASPERS COMPANY STRUCTURE**



(Source: Naspers 2009)

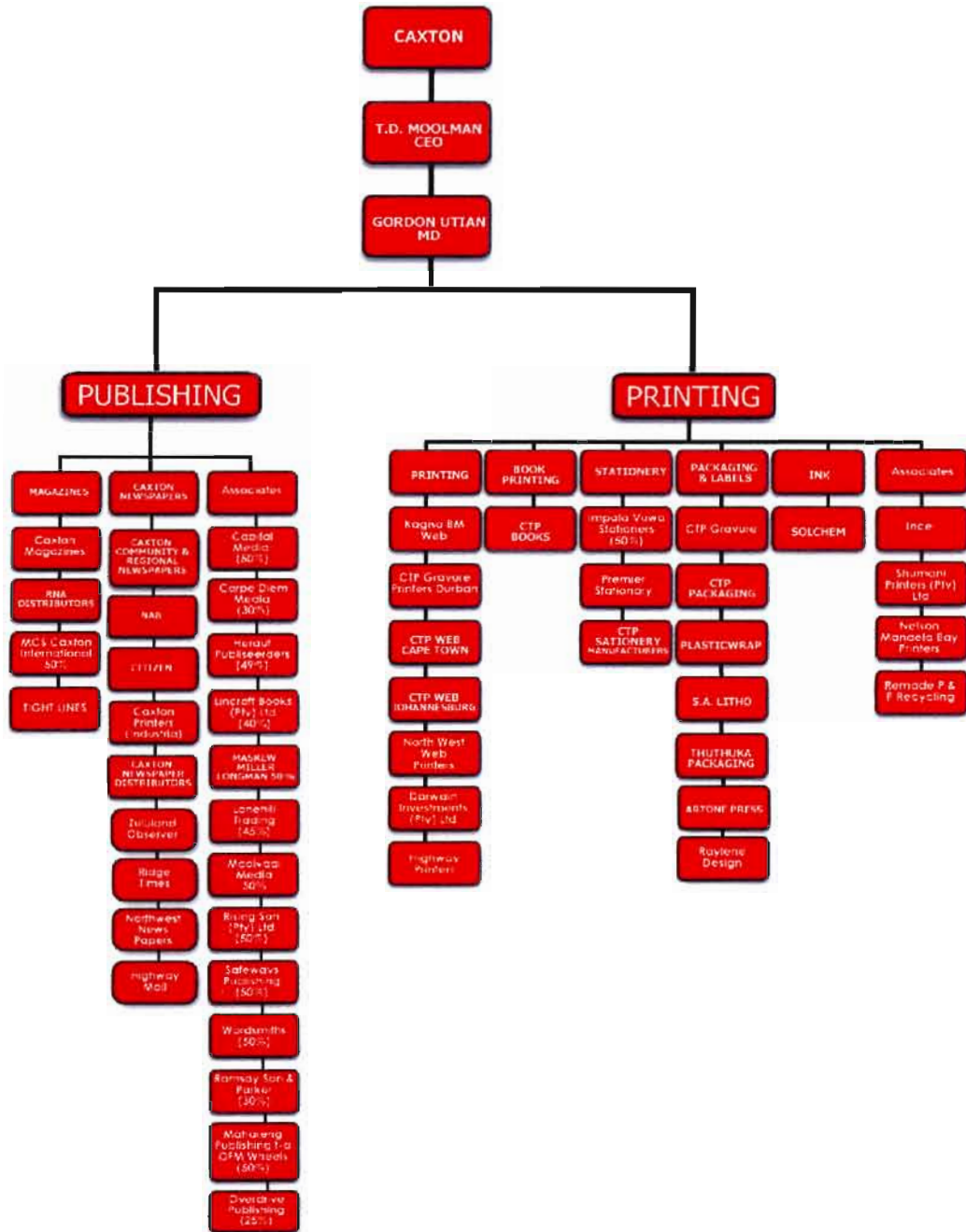
Caxton and CTP publishing is the largest owner of community newspapers in South Africa.

### 3.2.4 CAXTON AND CTP PUBLISHERS AND PRINTERS

Caxton and CTP Publishers and Printers are 38% owned by Johnnic Communications. The group publishes the *Citizen* daily, which has a circulation of about 91 000. The newspaper division stables 88 free and sold Caxton owned or co-owned titles, as well as 30 regional and community newspapers. The magazine division publishes 15 titles, including Farmer's Weekly, the oldest magazine in South Africa (CTP/Caxton, 2009).

Figure 3.3 shows the company structure of Caxton and it also shows that it has two main areas of investment.

**FIGURE 3.3: CAXTON AND CTP PUBLISHERS AND PRINTERS**



(Source: Caxton 2009)

### 3.2.5 INDEPENDENTLY OWNED NEWSPAPERS

The roots of the print media in South Africa can be traced back to the 19th century, when the first issue of a government newspaper, the *Cape Town Gazette and African Advertiser/Kaapsche Stads Courant and Afrikaansche Berigter*, was published in 1800.

The first independent publication, *The South African Commercial Advertiser*, was published in 1824 by Thomas Pringle and John Fairbairn. It was banned 18 months later and reappeared only after various representations had been made to the authorities in London.

The first independent African owned newspaper in South Africa was *Imvo Zabantsundu* in 1884. The newspaper was started by JohnTengo Jabavu (1852 — 1921) in King Williams Town.

*Imvo* played a leading role in articulating African interests and defending them when they were threatened by the government of the day, more especially under the influence of the Afrikaner Bond (Mqingwana, V. (1982) John Tengo Jabavu Pioneer – of the Black Press).

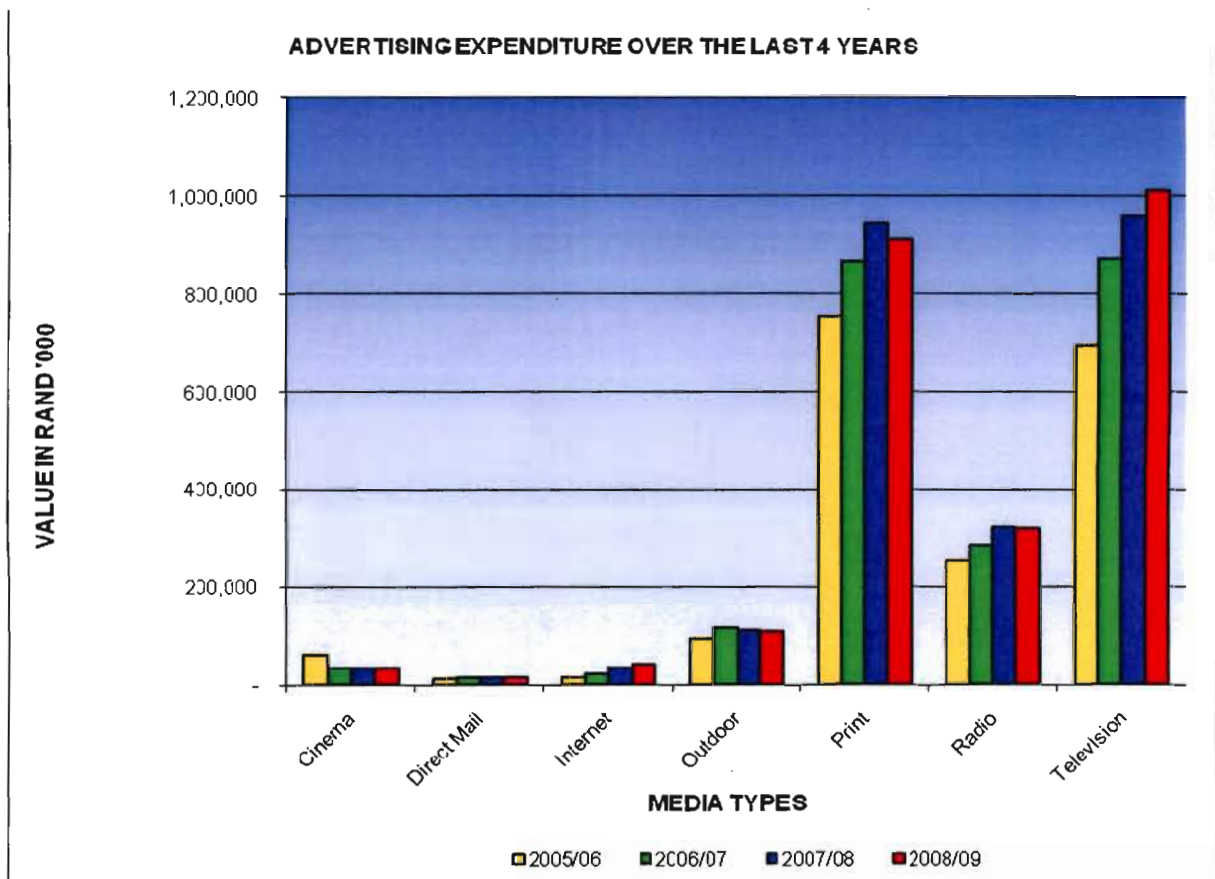
The first 'newspaper' in South Africa was published with permission of the British authorities by a firm of merchants, Walker and Robertson, at 35 Plein Street, Cape Town, on August 16, 1800. It was *The Cape Town Gazette and African Advertiser/Kaapsche Stads Courant en Afrikaansche Berigter* and was to be the forerunner of the Government Gazette.

This has changed drastically over the past ten years when a lot of the independently owned publications were taken over by one of the big companies.

### 3.3 ADVERTISING EXPENDITURE IN SOUTH AFRICA

The graphs below are an illustration of the advertising expenditure in South Africa. It starts with the total advertising expenditure in South Africa, breaking it down to advertising expenditure received by the independently owned newspapers.

**GRAPH 3.1: ADVERTISING EXPENDITURE OVER THE LAST 4 YEARS**

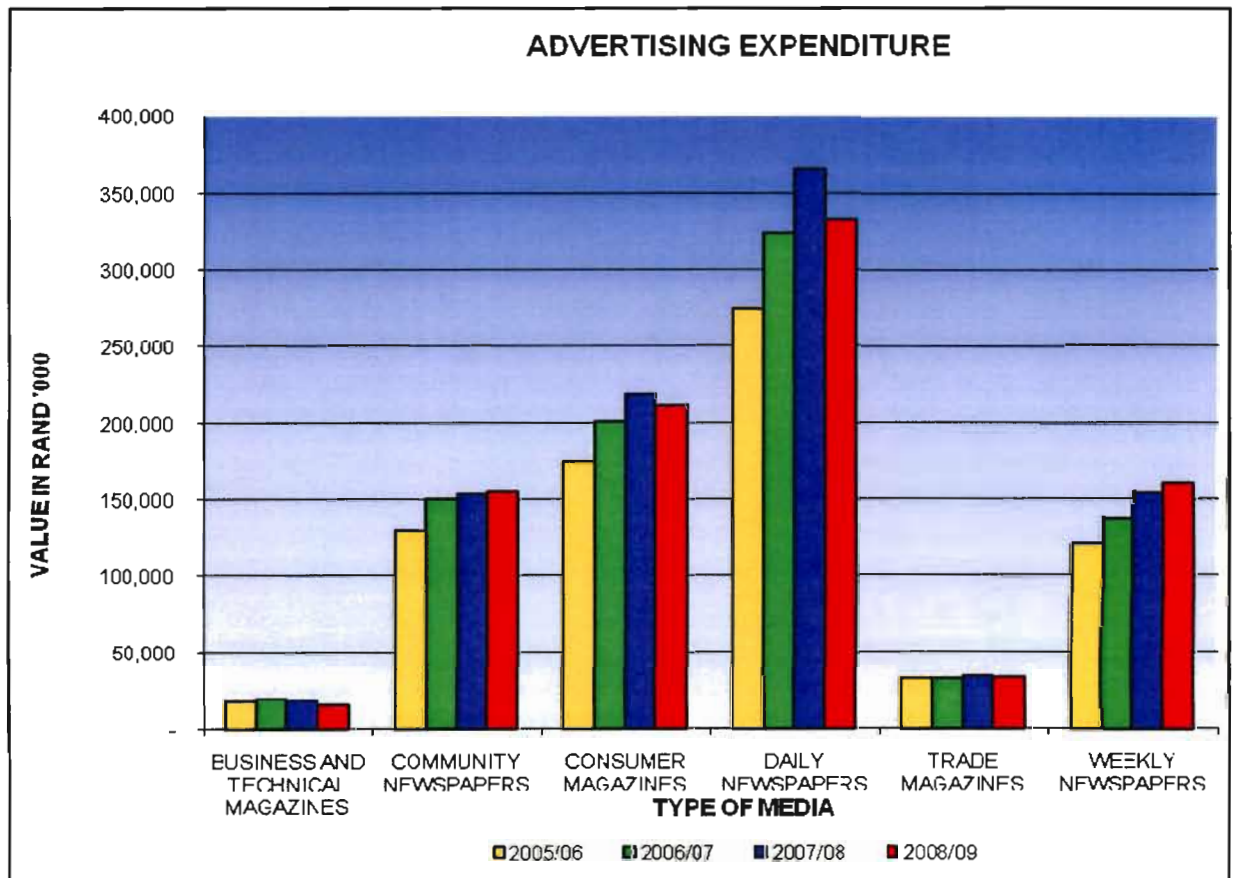


(Source: Nielsen 2009)

The graph below shows the advertising expenditure over the entire spectrum of the media in South Africa over the past four years. (See appendix G for statistics)

**GRAPH 3.2: ADVERTISING EXPENDITURE ON THE DIFFERENT AREAS OF THE PRINT MEDIA IN SOUTH AFRICA**

The graph below shows the advertising expenditure on the different areas of print media in South Africa over the past four years. (See appendix H for statistics)

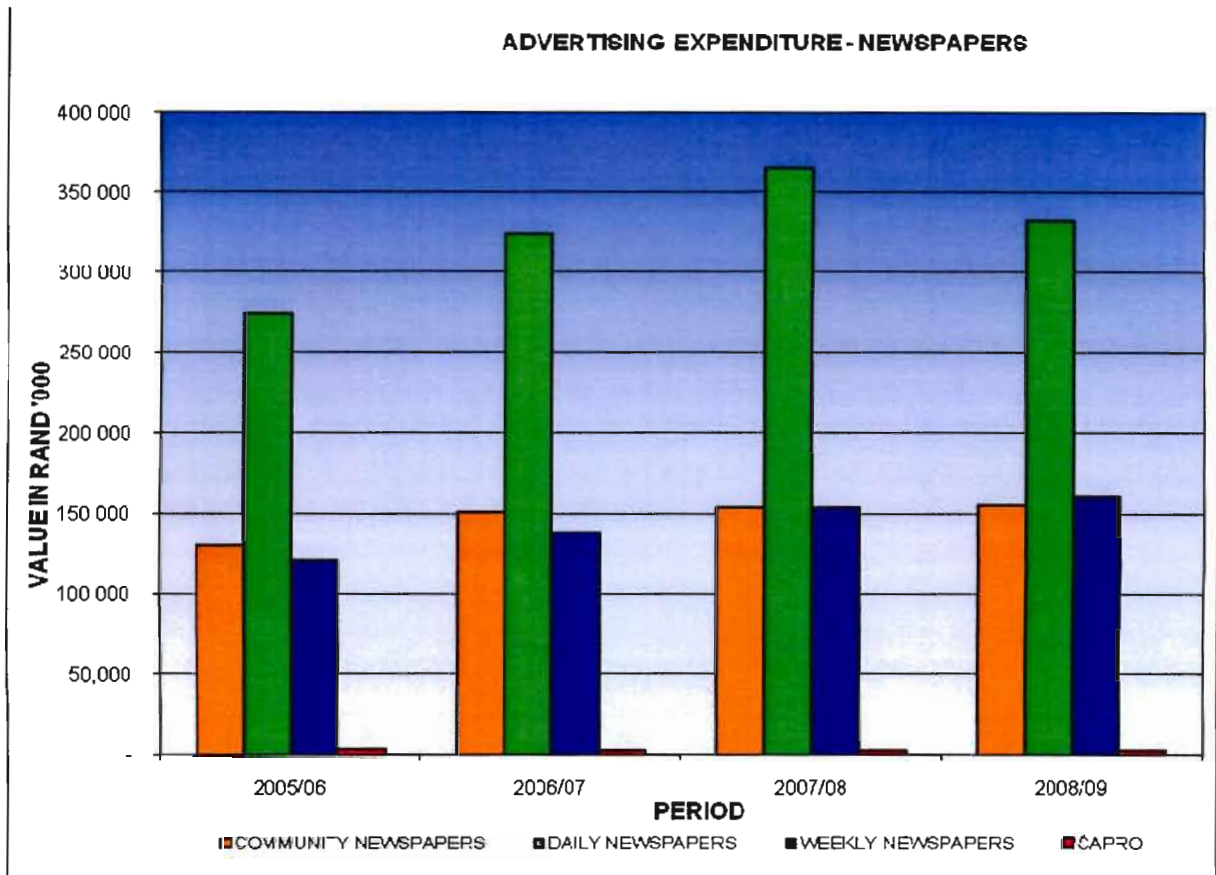


(Source: Nielsen 2009)

This graph shows that the daily newspapers and consumer magazines receive most of the advertising expenditure and that the expenditure on community and weekly newspapers is virtually the same. This confirms that community newspapers play a significant role in the market.

### GRAPH 3.3: ADVERTISING EXPENDITURE OF NEWSPAPERS OVER FOUR YEARS

The graph below shows the comparison between total print advertising expenditure and the portion received by the independently owned newspapers (Capro). (See appendix F for statistics)



(Source: Nielsen 2009)

Graph 3.3 clearly shows that the independently owned newspapers (that are represented by Capro) are negligible in procuring national advertising, when compared to the rest of the community, daily and weekly newspapers.

### **3.4 ASSOCIATIONS IN SOUTH AFRICA**

The following associations exist currently in the South African newspaper industry and were established to each serve a specific purpose as discussed below. Whether they are successful or not, will be determined through this study.

#### **3.4.1 ASSOCIATION OF INDEPENDENT PUBLISHERS (AIP)**

The Association of Independent Publishers (AIP) is southern Africa's largest umbrella body for independent grassroots, community, and advocacy publications. Registered as a Section 21 non-profit organisation, AIP is dedicated to developing the diversity and pluralism of the region's grassroots media by proactively improving the quality and sustainability of independent publications.

At the annual general meeting of the AIP in 2003 - formerly known as the Community Press Association of Southern Africa - the major publishing groups decided to withdraw from the CPA and take up membership in NASA. The main reason for their withdrawal was to offer truly independent publishers a platform to transform the association into an industry body looking after their specific interests.

Following the withdrawal, a review process was undertaken to identify the needs of independent publishers, and to determine how the CPA could be restructured to meet this objective. In 2004 the AIP was established at a meeting of independent grassroots publishers from across South Africa. The new regional umbrella body incorporates South Africa's 125 year old Community Press Association (CPA) and the Independent Media Alliance (IMA) lobby group, and has been accepted as a constituent member of the PMSA cluster of media advocacy associations.

AIP currently represents over 350 members and intends to represent the majority of South Africa's small independent newspapers. AIP seeks to become the primary clearing house for research, policy debate and the setting of industry standards for the grassroots media sector. AIP is governed by a board of 14

directors, each of whom is elected annually by the general membership to represent specific provinces or special interest groups.

South Africa's three most populous provinces, Gauteng, KwaZulu Natal, and the Western Cape, get two directors each to cater for the large number of grassroots publications. The Eastern Cape, Free State, Limpopo and Mpumalanga each gets one director, while North West and the Northern Cape share a single director.

An additional non-executive director is co-opted to represent AIP's Vernacular Press Forum, while non-executive seats on the board are also held by the independent Forum of Community Journalists (FCJ) and the grassroots advertising procurement agency CAPRO. AIP seeks to achieve this by focusing on the business of publishing.

AIP therefore maintains executive representation on nine statutory or regulatory bodies that shape the local media industry, as well as sitting on the boards or advisory councils of a further seven media advocacy bodies, and regularly serving on an ad-hoc basis with a network of other industry organisations.

In addition to its extensive lobby activities, AIP positions itself as the primary clearinghouse for research, policy debate, and the setting of industry standards for the grassroots press sector. The association also proactively develops technical training materials, management toolkits & tip sheets, and Free Open Source Software (FOSS) products for grassroots publishers. AIP has spearheaded the region's most comprehensive census yet of grassroots publishers, and uses the research results to power a public access database that analyses market trends, gives advertisers direct access to individual publications, and facilitates qualitative research into the sector. AIP does not receive core funding from any entity.

The Newspaper Association of SA (NASA) does, however, make an annual grant to cover AIP's basic office overheads & PMSA membership expenses. AIP

projects are funded by individual donors, including the statutory Media Development & Diversity Agency (MDDA) and MAPPP-Seta, and independent donors such as the Open Society Foundation (OSF), and the Netherlands Institute of Southern Africa (NiZA) (AIP, 2009).

### **3.4.2 ASSOCIATION FOR COMMUNICATION AND ADVERTISING (ACA)**

The ACA is the official, representative body for the Communications and Advertising profession in South Africa. Communications has evolved into an exciting hybrid of interactive, brand activation, new content and more, and the ACA represents companies in this profession to government, media and the public. It is a voluntary body formed both by, and for the industry, focused on and committed to self regulation, and to defend the highest standards of ethical practice.

The board of directors consists of people from the advertising agencies, Caxton Printers & Publishers, Independent News & Media (SA) Pty Ltd, Avusa, Media24 Newspapers, Cell C and Comair Ltd (ACA, 2009).

### **3.4.3 AUDIT BUREAU OF CIRCULATION (ABC)**

The ABC is a non-profit organisation registered in terms of Section 21 of the Companies' Act, based on a bi-partite agreement between advertiser and advertising agencies and media owners.

The primary function is the certification and provision of accurate and comparable circulation figures, to assist the bi-partite groupings (advertisers/marketers and publishers) in the buying and selling of advertising and promotional material. This is achieved through agreement or auditing standards, on the certificates and on the reports submitted.

The affairs of the bureau are managed by a board of directors, elected every year at the annual general meeting. The day to day activities of the bureau are handled by a permanent staff headed by the general manager. Publisher

members are requested to submit audited figures verifying their circulation, by means of a circulation certificate.

The audit of the certificate must be conducted by a registered accountant and auditor who must have full access to all financial accounts and other relevant records connected with the publication for the purpose of a complete and accurate ABC audit.

The bureau does random check audits to verify the information prepared by the publisher (ABC, 2009).

#### **3.4.4 CAPRO**

Capro Limited was established in 1952 with the main aim to represent community newspapers at national level to accrue advertising from national advertisers. It represents 141 titles of independently owned newspapers and is managed by a board of directors that are elected at the annual general meeting.

Since 2004, it has undergone major changes when one of its shareholders, Caxton, pulled its newspapers out of Capro. Independently owned newspapers can buy shares in the company (Capro, 2009).

#### **3.4.5 FORUM OF COMMUNITY JOURNALISM (FCJ)**

The FCJ is an independent, non-profit, non-racial and voluntary organisation striving to promote and express the interests of all journalists employed on a permanent or freelance basis at regional community newspapers in South Africa.

Representing some 400+ journalists from among the estimated 500 community newspapers across the country, the FCJ takes great pride in their duty to safeguard press freedom as the corner stone of any healthy democracy. The national management committee also comprises a group of volunteers, with Print Media South Africa (PMSA) rendering an administrative service.

The FCJ was established in 1992 and the main mandate has remained the same: to provide training to its members through initiatives such as their four regional seminars and one national seminar annually. It also has the annual awards for community press where recognition is given to the people working in the community press industry. This event is regarded as the “Oscars” of the South African community press industry.

The regional seminars include one for Gauteng, Mpumalanga and Limpopo (also called No Guts, No Glory), one for Kwazulu-Natal, one for North West and the Free State and one for the Cape. Training is provided free of charge in the form of editorial talks and workshops by industry leaders and members of the country’s top tertiary institutions (FCJ, 2009).

#### **3.4.6 MEDIA DEVELOPMENT AND DIVERSITY ASSOCIATION (MDDA)**

The MDDA was set up by an Act of Parliament (Act 14 of 2002) to enable historically disadvantaged communities and persons not adequately served by the media, to gain access to the media. The beneficiaries are community media and small commercial media.

The MDDA is a statutory development agency for promoting and ensuring media development and diversity, set up as a partnership between the South African government and major print and broadcasting companies, to assist in developing community and small commercial media in South Africa, in terms of the MDDA Act No 14 of 2002.

To achieve its objective, the MDDA will (MDDA, 2009):

- Encourage ownership and control of, and access to, media by historically disadvantaged communities, historically diminished indigenous language and cultural groups.
- Encourage the channelling of resources to community and small commercial media.

- Encourage human resource development and capacity building in the media industry, especially amongst historically disadvantaged groups.
- Encourage research regarding media development and diversity

According to the Constitution of the Republic of South Africa 1996 Chapter 2 - Bill of Rights 32 stipulates access to information. It says that everyone has the right of access to:

- a) Any information held by the state; and
- b) Any information that is held by another person and that is required for the exercise or protection of any rights. It also says that national legislation must be enacted to give effect to this right, and may provide reasonable measures to alleviate the administrative and financial burden on the state.

The MDDA effectively started awarding grants in January 2004 and receives funding from government, as well as from major commercial media entities Caxton (Pty) Ltd, Independent Newspaper (Pty) Ltd, Avusa, Kagiso Broadcasting (Pty) Ltd, Media24 Ltd, Midi (Pty) Ltd (e-tv), Electronic Media Network Ltd (M-Net), PRIMEDIA Broadcasting (Pty) Ltd and the SACB Ltd.

Their vision states that each and every South African citizen should have access to a choice of a diverse range of media.

Their mission states that the MDDA is a development agency that will assist in building an environment where a diverse, vibrant and creative media flourishes and reflects the needs of all South Africans. It does this by:

- The provision of grants and subsidies to individual media projects and the promotion of media development and diversity.
- Leveraging resources and support through technical assistance.

- Conducting and funding research.
- Facilitating capacity building.
- Advocating for media diversity

(MDDA, 2009)

### **3.4.7 PRINT MEDIA SOUTH AFRICA (PMSA)**

South Africa is one of the few countries in the world where a number of facets of the print media operate together within one organisation. Print Media South Africa (PMSA) formerly known as the Print Media Association was formed in 1996 after the restructuring of the Newspaper Press Union (PMSA, 2009).

The purpose of PMSA is to represent, promote, express interact and intervene in all matters concerning the collective industry and matters of common interest to members.

Representing over 700 newspaper and magazine titles in South Africa, PMSA is organised into three specific, focused operating bodies which addresses the specific needs of the respective industry sectors (PMSA, 2009):

- Newspaper Association of South Africa (NASA) - formerly known as the Newspaper Press Union was founded in November 1882, making it the oldest communication industry association in South Africa. NASA membership comprises 43 urban and metropolitan daily, weekly, twice weekly and monthly newspapers, published in English, Afrikaans and Chinese. It represents all the titles of South Africa's four major newspaper publishing groups - Avusa, Independent News & Media (South Africa) (Pty) Ltd, Media 24 Ltd and Caxton & CTP Publishers & Printers Ltd.
- Magazine Publishers Association of South Africa (MPASA) was formed late in 2000 as a result of a merger between the Specialist Press Association (SPA), established in 1965, and the Magazine Publishers

Association (MPA), established in 1996. MPASA represents the interests of custom, consumer and business-to-business magazine publishers in South Africa. It represents about 400 magazine titles in South Africa and the major consumer magazine role-players involved in the affairs of the association is Media 24 Ltd, Caxton Publishers & Printers Ltd, Avusa, Associated Magazines (Pty) Ltd and Ramsay Son and Parker (Pty) Ltd.

- Association of Independent Publishers (AIP) - formerly known as the Community Press Association of Southern Africa. At the association's Annual General Meeting held in September 2003, the major publishing groups decided to withdraw from the CPA and take up membership in NASA. The main reason for their withdrawal was to offer truly independent publishers a platform to transform the association into an industry body looking after their specific interests. Following the withdrawal, a review process was undertaken to identify the needs of independent publishers, and to determine how the CPA could be restructured to meet this objective. On September 18, 2004 the Association of Independent Publishers (AIP) was established in Johannesburg at a plenary summit of independent grassroots publishers from across South Africa. The new regional umbrella body incorporates South Africa's 125 year old Community Press Association (CPA) and the Independent Media Alliance (IMA) lobby group, and has been accepted as a constituent member of the PMSA cluster of media advocacy associations. AIP currently represents over 350 members and intends to represent the majority of South Africa's small independent newspapers. AIP seeks to become the primary clearing house for research, policy debate and the setting of industry standards for the grassroots media sector (PMSA, 2009).

In Chapter Four feedback from the empirical study about the associations, forum and organisation and the behaviour of the large media companies in the different areas will be discussed.

### **3.5 CONCLUSION**

As can be derived from the discussed information in this chapter, most of the market power is concentrated in relatively few hands, confirming the fact that the newspaper industry in South Africa can be classified as an oligopoly. There is no act or legislation that limits the number of newspapers and magazines a single corporation can control. Furthermore, it is seen that the characteristics of a typical oligopoly market structure applies and the business practises of the major media companies confirm this. It also shows that the portion of advertising expenditure accrued by the independently owned newspapers in most cases is hardly noticeable, as seen on the graph.

In the past ten years there has been an aggressive drive by some of the larger companies to acquire community newspapers and also to start new ones. (See appendix E). The associations and organisations controlling and monitoring the industry also favour the larger media companies. In the next chapter the research methodology and findings of the empirical study will be discussed.

## **CHAPTER FOUR**

### **EMPIRICAL STUDY**

#### **4.1 INTRODUCTION**

This chapter will examine the questionnaire that was sent to independently owned community newspapers as well as the interviews that were done with some of the owners. It will also discuss the Association of Independent Publishers (AIP), the Audit Bureau of Circulation (ABC) and the Forum of Community Journalists (FCJ) to give the relevance and the influence of these associations, organisations, and forums on the independently owned newspapers.

#### **4.2 RESEARCH METHODOLOGY**

Four techniques were used in the research. Information and monthly statistics over a period of four years were gathered from Company A, to determine the amount of advertising spent by national advertisers for independently owned newspapers (Annexure I).

A literature study was done using the Internet, journals, articles and other material that could be found on the subject. Some study was also done on the big media houses to show their structures and what they own. Questionnaires (Annexure) were sent to 85 independent newspapers owners which they completed anonymously. Of these 53% were returned.

Telephonic and personal interviews with stakeholders in the industry were done and access to confidential information was gained during interviews with four media buyers at four of the big media agencies. Four short random questionnaires were done with distribution contractors of two of the bigger

companies. Four interviews were also done with managers at two of the four big media owners. These companies own most of the community newspapers in South Africa. The interviews with these managers were done confidentially with the understanding that they will not be named, the company will not be named and that they will not be quoted.

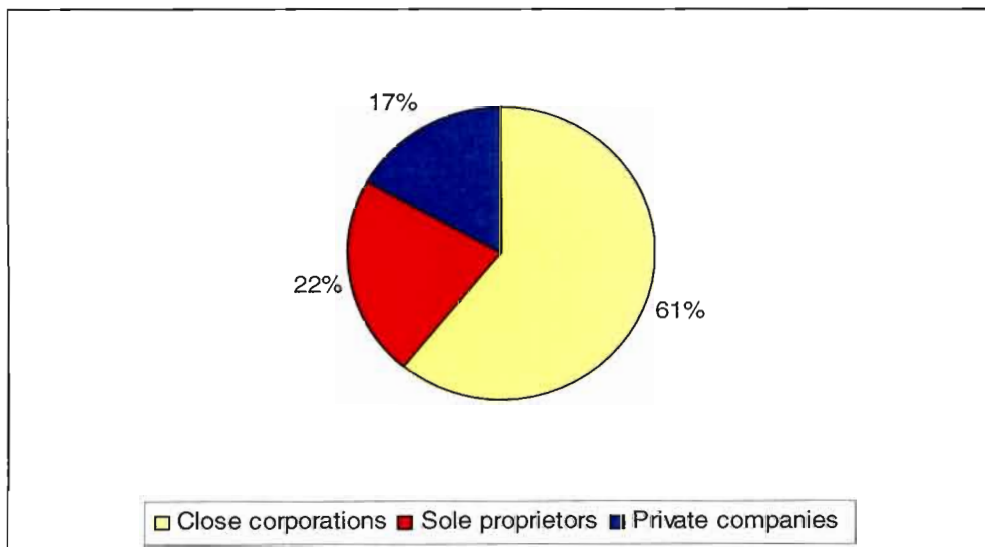
### 4.3 FINDINGS FROM THE EMPEIRICAL STUDY – QUESTIONAIRE

#### 4.3.1 SECTION A: PROFILE OF NEWSPAPER

##### 4.3.1.1 LEGAL ENTITY

Of the respondents 61% have their newspapers in a close corporation (CC), 22% are sole proprietors, whilst 17, 1% is owned by private companies (PTY) LTD.

**FIGURE 4.1: LEGAL ENTITIES CHOSEN**



(Source: own compilation)

Some of the reasons for using these types of entities are:

- CC is simpler than a Pty Ltd, as no audit is needed, so it saves money, but it is still a separate legal entity;

- CC is easier to register and has less tax demands than a company;
- advice from auditor;
- bought the CC as shelf entity from a lawyer;
- CC is more sensible for smaller businesses;
- CC offers limited liability to members;
- already had a CC;
- Pty Ltd and CC have too many technical requirements;
- Pty Ltd part of family business;
- Pty Ltd because of two partners;
- do not have money for lawyers to register as CC or company;
- Pty Ltd makes the shareholding easier;
- Pty Ltd for copyright purposes;
- part of a very big media company;
- Pty Ltd easier to register for VAT and taxes.

#### **4.3.1.2 FREQUENCY OF PUBLICATION**

Newspapers were distributed as follows:

- 85, 4% distributed weekly
- 14, 6% monthly
- 56, 4% distributed free
- 43, 6% is sold.

In the questionnaire the respondents was asked where they distributed their papers, what the number of pages and the print order was. They also had to give the reasons for this. They were also asked to say whether or not the print order is verified and what method was used to do this.

#### **4.3.1.3 AREA OF DISTRIBUTION**

The papers are distributed: 42, 4% in an area which would include the main town plus the immediate surroundings; 33, 3% is distributed in a specific town only, whilst the balance of 24, 2% is distributed regionally.

#### **4.3.1.4 NUMBER OF PAGES**

According to 46, 3% of respondents, the average number of pages per newspaper are eight. Only 12, 2% has twelve pages and 19, 5% has sixteen pages. Papers with twenty pages are 4, 9% and those with more than twenty are 17, 1%.

The number of pages is determined by the advertising income of the respective newspapers. The main reason to determine the number of pages is advertising income.

Other reasons given by respondents to determine number of pages included the following:

- News and advertisements - fewer pages are less demanding than a bigger publication, in terms of the number of articles and advertisements required, as well as cheaper to print. It is also not so heavy to carry for distribution purposes;
- It is cheaper to print and you do not need so many advertisements;
- Fewer people in the area during winter months - area has more people during the festive season, when the paper can reach up to 48 pages;
- Because it is a free newspaper, costs of maintaining the newspaper are very high, and they are still struggling;
- To get people to buy into the newspaper.

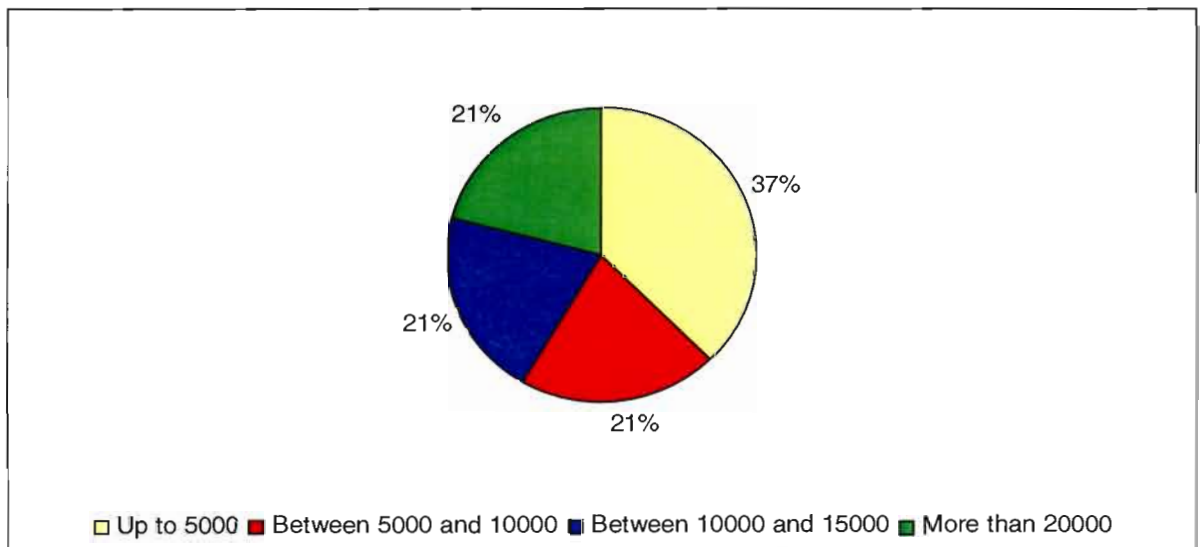
The preferred ratio of advertising space sold versus editorial is 65% to 35%. In some cases, especially with free papers, the preferred ratio is 70% to 30%. This is based on economics and is the ratio between sold space, number of column

centimetres that are actually paid for by advertisers compared to the editorial space which is left for pictures and stories.

#### 4.3.1.5 PRINT ORDER

Thirty seven percent of the respondents print up to 5 000 papers and 22, 5% print between 5 000 and 10 000 papers. There are 12, 5% of the respondents that print between 10 000 and 15 000, with 12, 5% who print more than 20 000.

**FIGURE 4.2: CHART ILLUSTRATING THE PRINT ORDER**



(Source: own compilation)

The verification method used by most for verifying the print order is the Audit Bureau of Circulation (ABC) with 82, 1% users. The balance of 3, 6% is using the Verified Free Distribution (VFD) method with 14, 3% that use other methods.

The respondents were asked about the readership of their papers and the preferred language used. A reason for this was to determine whether or not the community press included indigenous languages and to what degree.

#### 4.3.1.6 THE READERSHIP AND LANGUAGE PROFILE

In almost half of the respondents, 48, 8%, the readership includes all races of the community. Only 12, 2% of the respondents have white readers only; 17, 1% have Black and Indian only and 4, 9% coloured readers only.

This gives an indication that the indigenous languages do not get the necessary attention that the Government wants.

The former president, Thabo Mbeki, had the vision in mind of bringing information to the people: it was the force behind the establishment of the Media Development and Diversity Agency (MDDA) in 2003 (source: MDDA) with the specific goal of having newspapers in their own languages.

The language of most of the publications, 34, 1%, is a combination of English and Afrikaans. Only 4, 9% is in Afrikaans or the indigenous language of the area only. Of the respondents 26, 8% publish in English only.

Some of the reasons given for the preferred languages are:

- Readers can all read Afrikaans and English;
- They do not focus on one particular group;
- They publish in indigenous African languages of Northern Sotho (Sepedi), Xitsonga and Tshivenda, because our mission is to develop these languages and to enable readers to access news and information in their own languages;
- Demographics of the readers and the market;
- Demographics of the population;
- Most of our readers are white;
- Covers news of the black people only;
- Paper is in a township;
- There are no black businesses in the area except spaza shops, taverns and shebeens, therefore there is no advertising revenue available from the

black and coloured people. Many of the township residents do read the paper though, since it is free and they pick it up at the local shops;

- Articles or advertisements in Xhosa are rare because it is difficult to get trained journalists for indigenous languages and also difficult to edit indigenous languages;
- There are far too many publications for the privileged English and Afrikaans communities and these papers are mostly owned by the bigger companies. They will have a second paper in English of very low quality for the black people. This is despite the fact that the overwhelming majority of people in this country speak indigenous languages.

The demographics of the people of the area play a role. In the case of Afrikaans and English, the reasons given are that most of the readers are white. The majority said that most people can read English or Afrikaans. Most of the respondents agree that black people prefer English.

The questionnaire included questions about whether or not they do their own printing, if not, who does the printing, what are the distances they have to travel to the printer and also the method of distribution.

#### **4.3.1.7 PRINTING**

Only 17, 1% does their own printing of which 37, 2% has printing presses and 62, 5% has feed shed machines. Media24 or CTP (Caxton) do 70% (see Chapter 3) of the printing and only 8, 8% uses Independent printers and 17, 1% uses other printers. Of the respondents 52, 8% says that they are overcharged and the rest says the prices are fair.

Some comments by the respondents were:

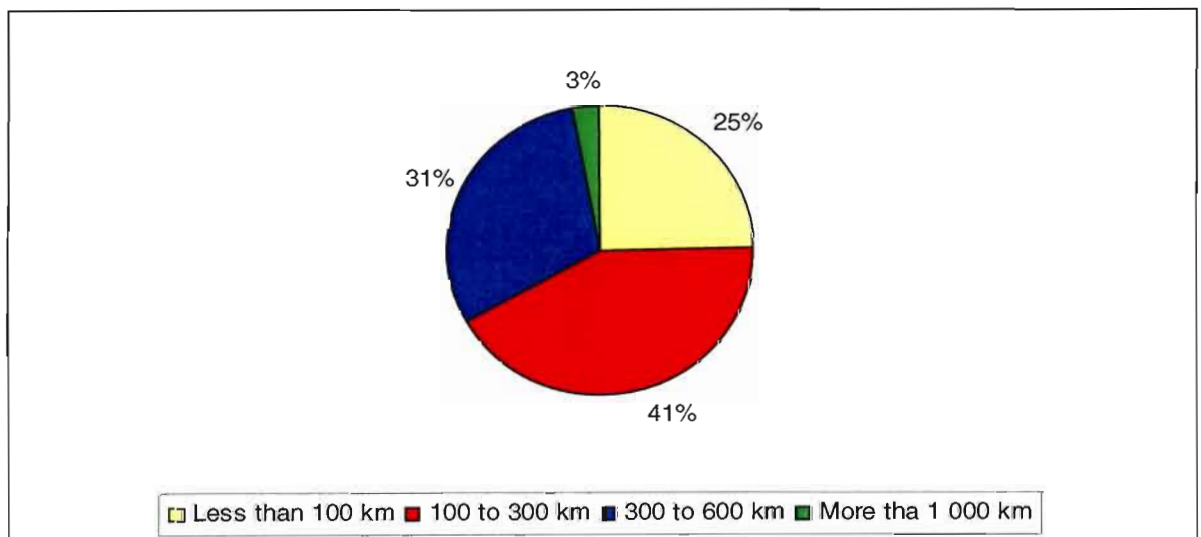
- they overcharge us because it is the only printer close by;
- It is a deliberate attempt by big media companies to keep us out of the market by raising barriers of entry. They want to get rid of the independents by inflated printing costs;

- the printer in our town owns and publishes our opposition newspaper and they do not want to do our printing;
- they overcharge us because they have the monopoly;
- we do not have a choice on who prints our newspaper - all printers are in two or three hands;
- the big companies have the attitude of take it or leave it;
- It is ridiculous because 75% of income is spent on printing costs. There are cheaper printers elsewhere, but the transport/courier costs added to the printing costs make this more expensive than what the local printer charges;
- they increase the price every six months; which stops the growth;

#### 4.3.1.8 DISTANCE TO PRINTER

Most of the respondents (41, 7%) have to travel between 100 and 300 kilometres to print their product and 30, 6% between 300 and 600 kilometres. Only 25% of the respondents travel less than 100 kilometres and 2, 8% more than 1 000 kilometres to have their products printed.

**FIGURE 4.3: THE DISTANCE TO PRINTER**



(Source: own compilation)

#### **4.3.1.9 METHOD OF DISTRIBUTION**

Of the 56, 4% independently owned newspapers that are distributed freely, 12, 2% is distributed by the so-called knock and drop method (a method used to get a company or people going from house to house and placing the papers in the post boxes of the individual homes), while 61% is distributed via bulk drops at supermarkets, cafés and places where a lot of people gather. Bulk drops are when any number of papers is delivered at a specific point.

Of the free newspapers 9, 7% uses other methods which include:

- give out at busy intersections;
- delivery by hand to businesses;
- stand distribution;
- handing out at taxi / bus ranks;
- deliver to schools;
- Handing out in the CBD of the city / town.

Of the sold newspapers, 17, 1% is sold by way of corner selling where sellers will stand at street corners to sell the newspapers, while the rest, 82, 9%, is sold at cafes, supermarkets and other convenience stores.

The respondents were also asked about their competition.

#### **4.3.1.10 COMPETITION**

The majority of the respondents (31, 7%) has one or two competitors and 24, 4% has two to three competitors. The respondents who have only one competitor is 19, 5% and 12, 2% has three to four and the same percentage has more than five competitors.

Caxton is in 42, 9% of the cases the opposition and Media24 in 23, 8% of the cases. Independently owned newspapers are competition in 4, 8% of the areas and 28, 6% of the respondents has other forms of competition. The other category includes Avusa and other independently owned newspapers.

All competitors are not newspapers. In some cases the competition is an advertising pamphlet where only advertising space is available. They are sometimes called a shopper, service guide or a business guide.

Most of the competitors (50%) print between 5 000 and 10 000 papers and 24, 9% of these papers are free. Most competitors (75, 9%) have sold newspapers and 26, 9% print 20 000 or more papers.

The respondents (56, 4%) do feel threatened by their competitors. Some reasons given for this are:

- Competitors lie about the independently owned papers, telling clients that they cheat about their distribution figures. They have claimed to be the independent, having advertising material sent to them when it should have been to the independent.
- They cut prices to below viable levels for the independent.
- They use unacceptable business practises to get advertising.
- The competitor has his own printing press and therefore his printing costs are less. Subsequently he publishes twice a week. He is thus more attractive to advertisers than me and gets the lion's share of advertisements.
- By under quoting advertising tariffs.
- By cutting prices.
- Offering deals which include the printing of inserts at cheaper rates so that they then get the business.
- Currently selling at 2002 prices.
- By subsidising papers when they make losses.
- The competition controls the printing and their papers always have preference when it comes to printing and finishing. Independently owned papers must pay upfront. They have more access to national and other advertisers and can do bulk deals.
- "Buy" adverts from government by paying kick-backs.

- They have resources and back-up.

The respondents (43, 6%) that do not feel threatened gave the reasons as being:

- Having a different market;
- Editorial quality of the competition is extremely poor and their printing quality and business ethics simply do not exist.
- Better product and more effective.
- The independently owned newspaper has captured the town market, since regional papers are not popular.
- Community/business has lost confidence in competition product – not local because the company that owns the paper are not from the area i.e. one of the bigger groups with a head office elsewhere and the profits flow out of the area.
- Competition almost 100% Afrikaans, while independent's readers are 98% English speaking.

The respondents were also asked about the papers that have closed down in their area over the past five years. They also had to give an opinion about mergers and takeovers.

#### **4.3.1.11 NEWSPAPERS CLOSING, MERGERS AND ACQUISITIONS**

In the areas of the respondents, 41, 5% had one or two newspapers or other forms of advertising pamphlets that closed down over the past five years and 19, 5% had none that closed down. In the same areas two to three papers closing down represented 24, 4 % and in 7, 3% of the cases represented more than five that closed down.

In 59% of the cases there were no acquisitions and in 20, 5% of the cases one or two were taken over and in 20, 5% cases acquisitions were done with between

three and four. On acquisitions 23, 7% of the respondents were for it and 76, 3% against.

Some reasons given for being in favour of acquisitions are:

- Acquisitions may suit owners who wish to retire.
- If the price is right.
- If it brings more to the newspaper it can be good, like new ideas that can mean a better future.

The respondents being against acquisitions said that:

- Involvement with the whole community is paramount and getting away from different papers for each race group like the big companies have, is important for nation building. Acquiring to close means loss of jobs.
- It depends who is taking over. If it is one of the bigger companies it will not be good for the community or the advertisers because it will only lead to another monopoly. If it is independents consolidating it could be good for competition.
- Local people understand the needs of the local communities better than people sitting far away and trying to give out a paper in a certain area.
- The competition papers cater for whites only and the bigger part of the population, which is black, do not get the same news coverage from them.
- It leads to the reduction of competition for themselves but fail to serve the smaller niche markets, particularly in rural areas and speakers of indigenous languages.
- It is not healthy for South Africa to have three or four big media companies. Independents are the people that can sustain the economy and help alleviate unemployment.
- Big companies acquire small ones and then close them down and people lose their jobs. Most of the papers that were taken over were closed and the titles disappeared.

- It is not good for the black people who will not get their stories written.
- It makes competition in the media non-existent.
- The acquisition of successful local independent publications has resulted in an inferior publication.
- Big companies do not empower the people, they only look after themselves and then they criticize.

The respondents were asked to say whether or not they have lost employees or clients to their competition and from the answers it seems like this is a problem.

#### **4.3.1.12 EMPLOYEES AND CLIENTS - INDEPENDENTLY OWNED NEWSPAPERS**

The majority of respondents (56, 1%) said that they have lost employees to the competition. In all of the cases it was to one of the bigger media companies. Better salary packages were the biggest reason.

Other reasons for losing employees were:

- They get other benefits like medical aid, pension, cars, cameras, etc.
- Big companies always target the best employees of successful independently owned papers.
- Independently owned papers have to train new staff and then lose them to the bigger companies.
- In the rural areas there are not a lot of trained journalists. Small papers must provide the training.

Most of the respondents (72, 5%) have lost clients to the competition. Of them 82, 5% said that it was because of advertising prices that are being cut and other unethical business practices like offering the person that buys the advert a kick-back. This was especially found to be the case with local and provincial governments.

Respondents (84, 6%) also said that the competition offers special deals, which they cannot do because of the very low profit margin that on which they are

already operating to try and stay in the market. This is especially now in the difficult economic climate.

The questionnaire asked the respondents about the current ratio of advertising and editorial content and also the percentage of advertising that they get from national advertisers.

#### **4.3.1.13 THE ADVERTISING RATIO AND NATIONAL ADVERTISING**

In 48, 8% of the answers the respondents said that their ratio of advertising and editorial content at the moment is 50/50. Only 39% said that the ratio of advertising to news is between 50% and 60%. Of the respondents 12, 2% said that they have a ratio of 70 to 30%% and 80, 5% of the respondents said that 60% – 70% of advertising space and the rest editorial, would be the ideal ratio. It is especially the case with free newspapers.

The main reasons given for the ideal ratios are:

- If advertising prices are set that at a 70/30 ratio they can make profit, and the readers still get good news free.
- Free newspapers must at least have 60% advertising at the budgeted price to make them economically feasible.
- It is the difference between making a loss and breaking even.
- Economically most viable.
- Expenses versus income at a percentage that makes good business sense.
- If you do not have to give discounts you can still make a small profit or break even on that ratio.

Most respondents (73, 2%) said that they have national advertisers and of this 61% said that it is only 10% of their advertising space sold. The respondents (82, 9%) make use of an agency to procure national advertising for them. Only 2, 4% does it themselves.

The government at all levels is one of the bigger spenders on advertising and only 58,5% said that they get support from local government; 36, 6% gets some but very little support from their provincial government and 17, 5% on few occasions had advertisements from national government.

Procuring advertising for their newspapers has become difficult for most and the main reasons given for this are:

- Price cutting by competition.
- Businesses spend less on advertising in tough economic times like South Africa and the world are experiencing now.
- The presence of an increasing number of advertising media – posters, pamphlets, brochures and short message service (SMS services).
- Some bigger spenders in the community newspapers, the motor industry and the property companies, have cut down a lot on advertising expenditure.
- Businesses do not want to support independently owned newspapers because some of the competition newspapers are household names and have been around for very long.
- Some independently owned newspapers are seen to be sympathising with black people.
- Independently owned papers cannot compete with the prices given by the big media companies.
- Cannot pay bribes or cut prices.
- There are at least two new colour magazines (small A5 booklets and A4 magazines) that have appeared in our area in the past year, containing 95% -100% adverts and they offer cheaper rates.
- White business owners are still very conservative and they do not like to do business with black people.

The independently owned newspapers were also asked about the future of their newspapers and also about the future of the independents in general.

#### **4.3.1.14 FUTURE OF THE NEWSPAPER**

When asked about the future of their papers the answers differed between the respondents that have no opposition from the big companies, those who have opposition in the form of another independently published newspaper, those who have advertising pamphlets or any other form of medium, except a newspaper, as competition, and then those without any form of opposition.

The respondents with opposition from the big companies (73, 6%) said that they would have to close down if the opposition keeps on cutting advertising prices. In the case of the respondents without any opposition, 68, 2% said that they would like to expand their businesses, but that the current state of the economy is preventing them to do so. The slow-down in the economy has a direct influence on advertising expenditure. Five newspapers have closed down since the study was conducted and that was mainly because of the opposition reducing advertising tariffs to what it was five to six years ago. In one instance the tariff was reduced to prices of ten years ago.

There were also concerns amongst the owners of newspapers for indigenous languages. All of them said that they struggle to survive, because they get no advertising support which government promised the independently owned newspapers.

#### **4.4 THE CURRENT SITUATION WITHIN THE PRINT MEDIA IN SOUTH AFRICA**

The respondents were asked to make general comments about the current situation within the print media in South Africa. From the comments it was very clear that the current situation is not sustainable and that something needs to be done to sustain the future of independently owned newspapers.

Some of the comments were:

- There seem to be a nationwide conglomerate expansion that appears to be undermining the diversity, sustainability, and pluralism of independent publishers. Smaller publishers have to date avoided legal action or political challenges against the conglomerates, and had instead attempted to address this in a constructive manner through industry bodies such as Print Media South Africa (PMSA), Audit Bureau of Circulation and others.
- That the bigger companies regularly resort to what independent publishers are calling hostile take-over bids, as well as headhunting raids and other questionable business practices.
- The bigger companies make surviving difficult for the independently owned newspapers. They have the upper hand when it comes to tariff negotiations and the cost of printing. This is causing unhappiness among the smaller publishers and they are asking for immediate and drastic action.
- Government needs to investigate the whole media issue and must decide what they are going to do when they want to talk to the masses;
- There are too many big companies in the media business and they are out to get rid of the independently owned newspapers. They are part of the bribery and corruption when it comes to government officials.
- Problems that have arisen amongst communities in recent years, particularly around service delivery issues, have made government realise that they are not communicating adequately with the population. Nothing has materialised from the commitment from the Department of Local Government to communicate more to communities in their mother tongue, to improve information dissemination and to reach an understanding between government and the masses on the ground.
- The bigger companies should stop bullying the small independently owned newspapers who perform well. Some of the bigger companies are not concerned with quality, they only concentrate on quantity and their staff at the local level is using unethical business ethics.

- They make a mockery of institutions such as the ABC.
- Laws for competition practises should be investigated. Some independent newspapers have lost expensive court cases against some of the bigger media groups, because of their unethical practises. There are also bribing and buying of agencies for advertising by the big groups. They also have the luxury of television advertising and can cross advertise their products which the independents cannot do.
- Government should do its homework when choosing their advertising mediums, if they want to reach the people in the rural areas.
- The MDDA and the AIP do not work and the MDDA has a record of sponsoring sub-standard businesses that do not last, because their staff does not have the experience of local media.
- National businesses and government must start supporting the small independent newspapers so that communication can be carried forward to all the people in a community.
- The deals between the advertising agencies and the big companies should be investigated immediately.
- Government must decide what they want - small businesses that can employ more people, or monopolies that go around putting people out of business.
- The Competition Board must come into play and it must have teeth.
- Capro does nothing for the small papers, except if you are a director of Capro.
- The MDDA is not functioning properly because independently owned newspapers that have proven themselves as independent voices and that are financially viable, do not qualify for any support, mostly because the entrepreneurs are white and having to compete with major international companies who have large budgets. The independently owned newspapers need more dynamic and stronger efforts to coordinate the canvassing of national advertising for them. The AIP is only looking after

the interest of a select few. Capro, who does the canvassing of national advertising, is not nearly as effective as it could be. If you want a strong, independent local press you are going to have to actively support and nurture it and not just start a MDDA which is mostly there to grow black ownership in the media.

- The ownership balance of the media in SA is not good. There are four large media companies who go out of their way to make it very difficult for the independently owned newspapers to survive. Government should channel their advertising money to the independent papers that service the rural areas first.

The above comments represent 89, 9% of the respondents and clearly show that they have problems with the advertising agencies, AIP, ABC, Capro, FCJ, MDDA, PMSA and government.

#### **4.5 ADVERTISING AGENCIES**

The respondents feel that the advertising agencies look after their own interests more than that of their clients. The agencies also have agreements with the bigger media companies regarding the printing of loose inserts and the insertion thereof into newspapers owned by the big companies. This is possible because the companies own most of the printing works in the country and they can make these deals.

Of the respondents 90, 2% is unhappy about advertising agencies and their knowledge of community newspapers. Agencies tend to use the papers that are not necessarily the best for the community it serves because in most cases it is restricted to one part of the population. They also feel that the personnel at the agencies, in most cases, do not know the demographics of the country to make decisions that are in the best interest for the client. This was also found to be the case in interviews with media buyers at advertising agencies.

A very good example for this was the Department of Education who in 2008 won an award with their study-help material that they published. The problem was that the material was inserted into newspapers that in most cases reached the learners that do not need the help. It did not reach the learners in rural areas. This proved that the clients are not always informed in the best way and they do not get value for their money.

In interviews with staff at four advertising agencies, it was found that:

- Agreements of special discounts, fixed prices and kick-backs do exist.
- Agreements for printing and then the insertion of these supplements also exist.
- Some staff members (74, 6%) do not know certain towns in the rural areas so they cannot make informed decisions where to advertise or insert, to the advantage of their client.
- They still advertise, like the government, in the predominantly white newspapers.

In the interviews with agency staff, it was found that they rely on the distribution figures supplied by the Audit Bureau of Circulation of South Africa (ABC) when deciding about the right newspaper to use for advertising.

When interviewing the distributors of four community newspapers owned by the two bigger companies (two of each company), it was found that the ABC figures claimed for selling and distribution did not match with the reconciliation of the distributor.

In one case there was a difference of 28, 9 % in the total claimed to be sold and the actual figure that the distributor has. In another case the difference was 27, 2% and the average was 25, 7% difference in the ABC - and actual figure. All of these figures were lower than what was claimed.

It was also mentioned by two of the distributors that whenever there are no inserts for the paper, they print even fewer papers. In all four cases the printing is done by the owners themselves.

This raised the questions about the accuracy of many of the distribution figures claimed by newspapers and reiterates the problem the independently owned newspapers have with the ABC when they were asked about it and other associations and forums that exist in the media sector in South Africa.

## **4.6 ASSOCIATIONS, FORUMS AND ORGANISATIONS**

### **4.6.1 AUDIT BUREAU OF CIRCULATION OF SOUTH AFRICA (ABC)**

Most respondents (93, 7%) are unhappy with the ABC and their rules of certification of the distribution figures.

The fact that the independently owned newspapers do not have representation on the board of directors of this body, is more reason to believe that the rules are made to suit the bigger companies only. The recent changing of the rules for the certification of grassroots newspapers (the small community newspapers in rural areas) is unacceptable and needs to be addressed again: Some other reasons for not trusting the ABC were:

- That the ABC is run and controlled by the big companies.
- To have certification audits done is too costly for many of the grassroots papers.
- The rules are changed to suit the big companies and get the independents out of the way, especially when advertisers demand certification.
- The advertising agencies are led by ABC certification to decide on the placement of national advertising and ABC has been proven to be wrong in certain cases over the years (circulation figures of Fair Lady, Media24, 2008).

During interviews with distribution agents of four community newspapers owned by the bigger media companies, it was found that the advertised ABC figures did not give the true reflection of the certified figure. In most cases the difference was more than 25%. It was also found that with free publications, the number of papers printed when the particular paper had inserts, differed from the times that they did not have supplements. On weeks without inserts the print order dropped.

#### **4.6.2 ASSOCIATION OF COMMUNICATION AND ADVERTISING (ACA)**

Almost all respondents (96, 7%) said that this is yet just another organisation for the media in South Africa where the independently owned newspapers have no say. The structure of the management is proof of this and there is no representation by independently owned newspapers.

Most of the respondents reacted negatively to the Association of Independent Publishers (AIP) and from the remarks it was clear that they were unsatisfied with the association.

#### **4.6.3 ASSOCIATION OF INDEPENDENT PUBLISHERS (AIP)**

In 91, 5% of the cases the respondents say that they are not happy with the AIP and that it does not serve the independent publishers in the way that it should. The grassroots (the small community newspapers in rural areas) newspapers especially, do not benefit in any way by belonging to the association.

The main problems are:

- Directors never do any work to help improve the independently owned newspapers in the provinces they represent.
- They are not doing enough for grassroots (the small community newspapers in rural areas) papers.
- Nothing is being done to help in the quest to expand or develop newspapers that carry indigenous languages.

- Directors are not representative of the independently owned newspaper owners of the country.

Most of the respondents are represented by Capro to procure national advertising for them and in most cases they were not positive about the company.

#### **4.6.4 CAPRO**

Capro was established in 1952 to represent independently owned newspapers at national level to secure national advertising. The respondents were clearly divided on this and 89, 7% said that Capro does not look after the interests of the majority of the papers it represents. Of the respondents only 9% said that they were happy with the amount of advertising they are getting. (See Annexure A)

The main responses for the unhappiness were:

- Only newspapers owned by directors are looked after.
- The profile of the directors does not represent the people of the country.
- The grassroots (the small community newspapers in rural areas) newspapers receive no help from the company.
- There are no programmes in place to uplift grassroots papers.
- Capro has lost its identity because of the board of directors only indulging themselves and not interested in the growth of the company.
- The board of directors has clearly not acted with the best interest of Capro and the independently owned newspapers at heart. They employed expensive people – general manager and sales manager – who did not have the background to make a success of Capro and to re-build the company.
- The board of directors lost their way after the departure of the Caxton group and the way they dealt with company matters was not to the benefit of the company or the members.
- Capro has become an institution for a selected few.

The respondents also named the Forum for Community Journalists for being a club for a selected group of people.

#### **4.6.5 FORUM FOR COMMUNITY JOURNALISTS (FCJ)**

Most of the respondents (97, 4%) said that this forum, like most other organisations for the media in South Africa, is run by people from the bigger media groups and that the rest of the management is made up of white people. The black community journalists and newspapers owners from indigenous languages do not feel welcome in the forum.

Again the majority said that the organisation is a “club” for certain journalists. The annual competition for community newspapers run by the FCJ in conjunction with Sanlam, was well criticised and the reasons given were:

- That the FCJ should not be controlled by the big media groups and that another forum should be started for journalists of independently owned newspapers and should include all journalists in the country and not only a selected few.
- The annual competition – sponsored by Sanlam for community newspapers - should be assessed again to include all the community newspapers in the country. More effort must be made to make the playing field equal because not all community papers have the same resources like the ones belonging to the big companies.
- A new forum should look at ways to add value to journalism.

The Media Development and Diversity Agency (MDDA) was, amongst others, installed to help build independently owned newspapers at grassroots level. It was discussed by the respondents at length.

#### **4.6.6 MEDIA DEVELOPMENT AND DIVERSITY AGENCY (MDDA)**

The majority of respondents (87, 8%) said that the MDDA was a good idea, but that it is not working and not doing what it is supposed to be doing. It has also in latter years changed and now has a very big political agenda. Some respondents

also complained that after two years they have not even received an acknowledgement of their application.

The reasons given for the statements were:

- They do not have competent staff that comes from the media.
- They do not live up to the vision and mission and that it has become a political instrument of the ruling party. They do not have a follow-up strategy.
- Some projects that they have funded were not sustainable and have since closed down. They do not do proper assessments when they fund projects and by doing so they will not create newspapers for indigenous languages.
- They take up to a year or more to even look at applications.
- They need a total revamp with competent business and media people.

When asked about the Print Media South Africa, the majority of the respondents did not know of their existence.

#### **4.6.7 PRINT MEDIA SOUTH AFRICA (PMSA)**

Comments on the PMSA revealed that it is of no consequence to them because they have one representative on the board of directors and therefore have very little say. They also feel that the organisation being controlled by the bigger companies will never consider any of their problems.

The respondents reacted negatively when responding on issues concerning the advertising by government at all levels.

#### **4.6.8 THE GOVERNMENT AND THE GOVERNMENT COMMUNICATION AND INFORMATION SYSTEMS (GCIS)**

Of the respondents (91, 8%) said that government does nothing to help the independently owned newspapers. They also said (89, 6%) that government is being overcharged with the prices of advertising by the advertising agencies.

Most agencies use the big media groups. They can save money by investigating advertising prices and reach more of the people of South Africa by using the right newspapers at a better price.

The majority of the respondents (96%) said that government at all levels does not communicate to the people through the right channels. They (79, 8%) referred to the Department of Education using national media to get their study-help programme advertised. The majority of the learners that needs the study-help are in the rural areas and cannot buy a paper. They rely on the community media to carry the information.

Of the advertising agencies interviewed, 93, 9% said that government officials and staff have unwritten agreements and personal relationships with certain advertising agencies and government is being overcharged to allow for monies, as incentives, to be paid to these officials.

#### **4.7 CONCLUSION**

From the study and interviews it is clear that the entrepreneurial development of the print media in South Africa is not healthy. It is also very clear that the bigger companies control most of the printing companies and therefore the independently owned are left to the mercy of these companies.

It has also clear that the development of indigenous language newspapers is limited, although government would like this to be the opposite.

The agreements, some unwritten, between the bigger companies and the advertising agencies, are also a factor that plays a big role in the development of the independently owned newspapers.

The primary objective with the study was to explain the print media (newspaper) in South Africa and also the resultant market structure. The study also wanted to determine whether there is unfair competition in this market.

From the studies done it is clear that the market is very competitive and it is not always open to accept new independently owned newspapers and especially those in indigenous languages.

Chapter 5 will summarise the objectives and give a view of what was learned and what can be done to improve the independently owned newspapers and also the newspapers for the indigenous languages.

## **CHAPTER FIVE**

### **CONCLUSION AND RECOMMENDATIONS**

#### **5.1 INTRODUCTION**

The aim of this chapter is to come to a meaningful conclusion that will be based on the information gathered during the study, interviews, as well as personal observations of the perceived media structures in South Africa. Considering these conclusions, certain recommendations will be made in respect of certain improvements of the structure of the media in South Africa and the survival of the independently owned newspapers in South Africa.

#### **5.2 CONCLUSION OF THE MAIN RESEARCH FINDINGS**

The print media in South Africa can be identified as Oligopolistic in nature and it has the following characteristics:

- The print media in South Africa is controlled by four large media companies
- The same companies control the printing industry
- In certain circumstances the big companies collude to minimize competition.
- The diversity in terms of representation on forums, associations and organisations is lacking
- Most of the media associations, forums and organisations are also controlled by them

### **5.3 STUDY EVALUATION**

The primary objective of the study was to establish an understanding of the newspaper industry in South Africa by analysing and identifying the subsequent type of industry market structure. This was well established and the secondary objectives were:

- To identify the role players in the South African newspaper industry and the influence and control they have in the market.
- To identify some problems and challenges facing the newspaper industry in South Africa.
- To provide recommendations on how to improve the current market structure of the South African newspaper industry.

### **5.4 RECOMMENDATIONS**

#### **5.4.1 MARKET STRUCTURE**

In the South African context and market system, not much can be done about the market structure of the media in South Africa. The country has a mixed market system with competition being the principle goal.

It is therefore recommended that:

- The advertising prices should be better controlled through the competitions board or the press ombudsman who can then investigate any perceived cases of manipulation that took place.
- The competitions board should get more involved with these matters so that cases where independent newspaper owners have taken the matter to court and have lost, necessary funding and backing should be provided and these not be the reason for the lost court case.

- A more level playing ground should be created irrespective of the size of the business.

## **5.4.2 ASSOCIATIONS, FORUMS AND ORGANISATIONS**

### **5.4.2.1 AUDIT BUREAU OF CIRCULATION OF SOUTH AFRICA (ABC)**

The Audit Bureau of Circulation (ABC) of South Africa plays a significant role when decisions are being made by advertising agencies and national advertisers which newspapers use for their advertising campaigns or when they want to do branding. In some cases the ABC certification is the determining factor for advertising. One of the big advertising companies has already made this a requirement for 2010 that a newspaper that they would use must have ABC certification.

The independently owned newspapers do not have representation on the board of directors of this body and therefore are not part of the formalising of the rules that govern the industry as far as advertising decisions are concerned. The rules in some instances do not suit the grassroots newspapers (small community newspaper) and they cannot afford the certification audits.

It is therefore recommended that:

- All role players in the media in South Africa, and especially independently owned newspapers, should get representation on the board of directors that govern this body and so become part of the decision making.
- If this cannot be achieved, the independently owned newspapers should investigate the possibility of having their own similar organisation that would be recognised in the media industry.
- The ABC should re-assess their methods of gathering and certifying the circulation figures of newspapers, because it was proven in the study and from publicized actual cases that happened two years ago, that the certification of circulation figures is not always correct.

#### **5.4.2.2 ASSOCIATION OF COMMUNICATION AND ADVERTISING (ACA)**

This again is an association where the independently owned newspapers have no representation. It is recommend that:

- The independently owned newspapers start dialogue with this association to determine whether or not it would be to their advantaged to be part of the management of this association.

#### **5.4.2.3 ASSOCIATION OF INDEPENDENT PUBLISHERS (AIP)**

The initial idea behind the formation of the AIP was, according to the empirical study, a sound one and the association made valuable contributions to the independently owned newspaper industry. Over the past year it seems that it has lost some of that initial energy because meetings did not take place regularly, the website for members is not working properly, the administration office is not functioning well and people that wish to join have problems in making contact with the association.

The study showed that the owners of independent newspapers, for whom the AIP was originally formed, have lost their faith in the organisation because of the lack of good administration.

The funding of the AIP is by way of sponsorship from overseas and local companies and the lack of sponsorship also puts a strain on the day-to-day running of the association.

It is therefore recommended that:

- The AIP should re-assess the original mission and vision to install changes so that they service the independent publishers.
- If it wishes to continue, it should try and secure lasting and more reliable sponsorship for them to employ fulltime staff.
- It should, on behalf of the independent publishers, secure representation on all the media associations and forum organisations in South Africa.

- It should raise issues and problems that the independently owned newspapers have in a vigorous way, to help to protect the independent publishers.
- The AIP should not be a one man crusade without a mandate from all independent media owners like it is now. It should strive to get mandates from all independent media owners.

#### **5.4.2.4 CAPRO**

Capro is primarily an advertising procurement company that has been established in 1952. It was started with the aim to represent independently owned newspapers at national level to secure national advertising.

Since inception and until July of 2005, Capro represented most of the community newspapers in the country. In August 2005 the Caxton group took its newspapers out of the company when they formed the National Advertising Bureau (NAB). This nearly led to the closing of Capro because Capro lost 60% of its income with the expenses not following suit.

Since August 2005 Capro only represents independently owned newspapers and the study has shown that the independent publishers expects more from Capro than the service it is currently providing.

This could be an opportunity for Capro to re-establish itself as a bigger market player. It is therefore recommended that Capro:

- Capro, being the representative of 138 independently owned newspapers, should become the official spokesperson of the independently owned newspapers. The Capro board of directors should make this decision.
- Capro takes over the role of the AIP
- Capro secures representation on behalf of the independently owned newspapers on the decision making structures of the different associations, forum and organisations in the media industry.

- Capro goes into partnership with the Media Development and Diversity Agency to help in the quest of the government to establish newspapers in all the official languages in South Africa.
- Capro becomes a training institution for grassroots media.
- Capro starts a forum for all journalists and photographers of all independently owned newspapers in South Africa.

#### **5.4.2.5 FORUM FOR COMMUNITY JOURNALISTS (FCJ)**

It was established through the study that this forum does not represent the diversity of the community media in South Africa. The organisation strives to be a forum for journalists and photographers from the community newspapers in South Africa.

The membership showed that most members of the forum are from one part of the population. The members that are from other population groups come mainly from the two of the large media companies.

The recommendations for the forum are:

- To market a stronger forum to get members from all the different population groups in the country.
- The forum must become more active in training and should also have an office with full-time staff.

#### **5.4.2.6 MEDIA DEVELOPMENT AND DIVERSITY AGENCY (MDDA)**

The study has shown that the MDDA has a very big role to play in the establishment and also the development of the media in South Africa. It is the wish of the government, that was responsible for the establishment of the MDDA, that the whole of the population should have access to information and that it should preferably be in each one's mother tongue.

The study has shown that the MDDA in its current form and way of operation does not succeed in this. It has also shown that the main reason for this is the

lack of staff that understands the media in South Africa and the lack of proper training of the people that receive funds from them to initiate newspapers.

It is recommended that:

- The MDDA must employ staff that understands the media.
- It should have a system whereby projects that they have funded can be monitored and assisted so that they are sustainable.
- It must be more pro-active in identifying the areas in which community newspapers can be established.

#### **5.4.2.7 PRINT MEDIA SOUTH AFRICA (PMSA)**

The study showed that the independent publishers have no interest in the PMSA because it is, like most of the other associations, forums and organisations, controlled by the big media companies.

Through the AIP they have one representative on the board of directors and therefore have very little say. Whether or not the PMSA is of any significance to the independent publishers could not be established, so no recommendation can be made.

#### **5.4.2.8 GOVERNMENT AND THE GOVERNMENT COMMUNICATION AND INFORMATION SYSTEMS (GCIS)**

The study has shown that at all levels of government the support that independently owned newspapers get as far as advertising is concerned, is small. It also showed that a lot of government officials still use lists of newspapers that are from before 1994 and that they only change their lists on the recommendation of advertising agencies.

The study has shown that recruitment and the advertising of tenders by the different government departments and also different levels of government are still placed in newspapers that do not always reach all the members of the diverse community in South Africa.

The study also showed that special arrangements between advertising agencies and the different levels of government do exist. It has also showed that price does not necessarily play a role and that it is rather agreements between officials and advertising agencies that will determine the newspaper chosen for the advertising.

It is recommended that:

- The independently owned newspapers engage with government at all levels to establish a better working relationship with them.
- That the independently owned newspapers work together to communicate with all the departments of government to make them aware of their existence.

## **5.5 CONCLUSION**

“Change is inevitable. In a progressive country, change is constant.” (Benjamin Disraeli, British politician, 1804-1881). The World Association of Newspapers (WAN) said in a strategy report in 2007 that locally focused news and advertising are the most powerful currencies local and regional newspapers trade on in 2007. Despite the profound market interruptions by digital media of newspapers worldwide in the past decade and compared with other traditional media, the local franchise continues to be in the firm grip of locally focused newspaper companies around the world.

WAN also said that numerous surveys have shown that local news is the number one reason news-seekers use newspapers in individual countries. The reasons are simple. Numerous studies have shown that consumers make the majority of the purchases within a five kilometre radius from where they live (Strategy report Volume 6 No. 4 May 2007. WAN).

This report by WAN shows that there will always be a demand for community newspapers and that with correct planning, the independently owned

- newspapers will always have a place in the market. It is, however, also clear that
- change will have to be made for them to continue to be feasible.

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## APPENDIX A

### Questionnaire

#### Section A - Profile:

Please tick appropriate box:

A1 How often is your publication published?

Daily	<input type="checkbox"/>	(1)
Weekly	<input type="checkbox"/>	(2)
Monthly	<input type="checkbox"/>	(3)

A2 Is the publication free or sold?

Free	<input type="checkbox"/>	(1)
Sold	<input type="checkbox"/>	(2)

A3 Type of entity through which you trade?

Sole Proprietor	<input type="checkbox"/>	(1)
Close Corporation	<input type="checkbox"/>	(2)
Company	<input type="checkbox"/>	(3)
Other	<input type="checkbox"/>	(4)

Why did you choose to trade as the above type of entity? (5)

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A4 In what area is your publication distributed?

Town		(1)
Area		(2)
Region		(3)

A5 What is your publication's average number of pages?

1 – 8		(1)
9 – 12		(2)
13 - 16		(3)
17 - 20		(4)
20+		(5)

What the reason for the number of pages is as indicated? (6)

---

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A6 What is the print order?

0 - 5000		(1)
5000 - 10000		(2)
10000 - 15000		(3)
15000 - 20000		(4)
20000+		(5)

A7 Is your print order verified?

Yes		(1)
No		(2)

If yes, by whom?

ABC		(3)
VFD		(4)
Other		(5)

A8 Your readership mainly comprises of?

White		(1)
Black		(2)
Coloured		(3)
Indian		(4)
All		(5)

Do you focus on this market and why? (6)

---

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A9 In what language is your publication?

English		(1)
Afrikaans		(2)
Indigenous Language		(3)
Combination		(4)

What is the reason for this? (5)

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A10 How is your publication distributed?

Knock and Drop		(1)
Bulk Drops		(2)
Corner Selling		(3)
Other		(4)

If 'other', please explain? (5)

---

---

**Section B - Printing:**

B1 Do you have a printing press?

Yes		(1)
No		(2)

If 'yes', what kind of press?

Printing Press		(3)
Sheet Fed		(4)
Other		(5)

B2 If 'no', who does your printing?

Media24		(6)
CTP		(7)
Independent Newspapers		(8)
Other		(9)

B3 How far do you have to travel to the printer?

0 - 100km		(1)
100 - 300km		(2)
300 - 600km		(3)
600 - 1000km		(4)
1000km+		(5)

B4 Do you think the price you pay for printing is competitive?

Yes		(1)
No		(2)

If not, what is the reason? (3)

---

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**Section C - Competition:**

C1 How many direct competitors do you have in your area?

0 - 1		(1)
1 - 2		(2)
2 - 3		(3)
3 - 4		(4)
5+		(5)

C2 Who publishes your main competition?

Media24		(1)
Caxton		(2)
Independent Newspapers		(3)
Other		(4)

If 'other', please indicate? (5)

---

---

C3 What is their print order?

0 - 5000		(1)
5000 - 10000		(2)
10000 - 15000		(3)
15000 - 20000		(4)
20000		(5)

C4 Is your main competition a free publication or is it sold?

Free		(1)
Sold		(2)

C5 Do you feel threatened by your competition?

Yes		(1)
No		(2)

If 'yes', please explain why you feel threatened? (3)

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If 'no', please explain why you don't feel threatened? (4)

---

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C6 How many publications in your area were taken over in the last 3 years?

None		(1)
1 - 2		(2)
2 - 3		(3)
3+		(4)
Don't know		(5)

C7 How many publications have closed down in the Last 5 years?

None		(1)
1 - 2		(2)
2 - 3		(3)
3 - 4		(4)
5+		(5)

C8 What is your feeling towards take-overs?

For		(1)
Against		(2)

Please elaborate? (3)

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C9 Have you ever lost employees to the opposition?

Yes		(1)
No		(2)

If 'yes', please explain why you lost these employees? (3)

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C10 Have you ever lost clients to the opposition? (3)

Yes		(1)
No		(2)

C11 Did your competition ever cut their advertising tariffs to get business from you?

Yes		(1)
No		(2)

C12 Does your competition offer special advertising deals?

Yes		(1)
No		(2)

C13 Does your competition do anything at distribution points to undermine your product?

Yes		(1)
No		(2)

**Section D - Advertising:**

D1 What percentage of your paper consists of advertising?

50%		(1)
50% - 60%		(2)
60% - 70%		(3)
70% - 80%		(4)

D2 What would be the ideal loading (advertising versus editorial)?

50 - 50		(1)
60 - 40		(2)
70 - 30		(3)
80 - 20		(4)

Please explain why? (5)

---

---

D3 Do you have national advertisers?

Yes		(1)
No		(2)

D4 What percentage does it make up of your total advertising?

0% - 10%		(1)
10% - 20%		(2)
20% - 30%		(3)
30% - 40%		(4)
40% - 50%		(5)
50%+		(6)

D5 What is the source of you national advertising?

Myself		(1)
Dedicated sales person		(2)
Agency		(3)
Other		(4)

D6 Do you get support from local government?

Yes		(1)
No		(2)

D7 Do you get support from provincial government?

Yes		(1)
No		(2)

D8 Do you get support from national government?

Yes		(1)
No		(2)

D9 Is it getting more difficult to get advertising?

Yes		(1)
No		(2)

If 'yes', what is the reason for this? (3)

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**Section E - General:**

Please comment

E1 What are your future expectations? (1)

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E2 Do you have any suggestion regarding the community newspaper industry? (1)

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## **APPENDIX B**

### **Questionnaire / Interview with managers of major media companies**

1. How do you see the community newspaper market in South Africa?
2. What is your attitude towards independently owned newspapers?
3. What methods do you use to acquire national advertising for your community newspapers?
4. Have you ever cut your advertising prices to try and get rid of the independently owned competition in your area?
5. How do you see the future of the independently owned newspapers?
6. What do you think about community newspapers for indigenous languages?
7. Any other remarks/ideas about the community newspaper market?

## **APPENDIX C**

### **Questionnaire/interview with advertising agencies**

1. Does your agency do business with independently owned newspapers?
2. How does the agency decide what papers to use for which client in the rural areas?
3. What criteria do you use to determine which papers to use?
4. Do you have agreements and/or special arrangements with the bigger media companies?
5. Does the staff have enough knowledge about the country and the different provinces?

## **APPENDIX D**

### **Interview with distribution agents**

1. Which company do you do distribution for?
2. How many papers do you distribute?
3. Do you do the reconciliation of the distribution?
4. Have you ever found discrepancies between the Audit Bureau of Circulation of South Africa / VFD certified figure and the actual distribution figures?
5. Would you say that the Audit Bureau of Circulation of South Africa / VFD distribution figures are correct?

## APPENDIX E

### Ad spend community newspapers and Independent (national only)

	2005/06	2006/07	2007/08	2008/09
COMMUNITY NEWSPAPERS	1,300,502,830	1,508,842,481	1,542,829,787	1,553,301,735
DAILY NEWSPAPERS	2,744,339,193	3,240,727,140	3,653,933,826	3,329,026,675
WEEKLY NEWSPAPERS	1,214,131,584	1,382,943,545	1,543,503,792	1,611,939,279
CAPRO	36,017,612	28,492,985	26,101,948	29,357,819
	5,294,991,219	6,161,006,151	6,766,369,353	6,523,625,508
CAPRO				
	41,192,398	37,376,602	36,556,847	42,469,157
NAMIBIAN	4,448,915	7,728,414	8,902,425	11,112,714
BOTSWANA	-	36,005	375,920	1,363,649
OTHER	725,871	1,117,296	1,144,306	618,832
SWAZILAND	-	1,902	32,248	16,143
	5,174,786	8,883,617	10,454,899	13,111,338
CAPRO SA PAPERS ONLY	36,017,612	28,492,985	26,101,948	29,357,819
	.03%	.02%	.02%	.02%

## APPENDIX F

## ADSPEND BY MEDIA TYPE (EXCLUDING SELF-PROMOTION)

VALUE: SA RAND (ACTUAL)



PERIOD: AUG '05 - JUL '09

MEDIA TYPE	AUG '05 - JUL '06	AUG '06 - JUL '07	AUG '07 - JUL '08	AUG '08 - JUL '09	Grand Total
Cinema	603,135,209	342,515,986	347,755,141	341,058,565	1,634,464,901
Direct Mail	126,992,646	143,510,619	145,739,207	152,621,364	568,863,836
Internet	147,493,086	220,477,845	351,764,510	415,688,189	1,135,423,630
Outdoor	922,452,184	1,149,807,368	1,108,447,500	1,073,943,044	4,254,650,096
Print	7,519,024,110	8,679,266,351	9,457,619,238	9,105,304,244	34,761,213,943
Radio	2,553,916,562	2,836,366,110	3,215,287,767	3,189,709,310	11,795,279,749
Television	6,935,785,793	8,715,478,841	9,608,834,476	10,113,154,833	35,373,253,943
Grand Total	18,808,799,590	22,087,423,120	24,235,447,839	24,391,479,549	89,523,150,098

SOURCE: AIS/ADEX (THE NIELSEN COMPANY)

CLIENT: ANDRE COERTZEN

## APPENDIX G

## ADSPEND BY PRINT SPLIT (EXCLUDING SELF-PROMOTION)

VALUE: SA RAND (ACTUAL)

PERIOD: AUG '05 - JUL '09



PRINT SPLIT	AUG '05 - JUL '06	AUG '06 - JUL '07	AUG '07 - JUL '08	AUG '08 - JUL '09	Grand Total
BUSINESS&TECHNICAL MAGS INSER	1,356,916	737,428	2,593,409	1,556,559	6,244,312
BUSINESS&TECHNICAL MAGS ROP	181,043,594	196,019,342	182,082,538	157,822,554	716,968,028
COMMUNITY NEWSPAPER SOLD INSER	15,941,807	20,669,492	24,993,193	33,418,285	95,022,777
COMMUNITY NEWSPAPER SOLD ROP	197,828,288	245,116,444	276,214,904	277,809,779	996,969,415
COMMUNITY NEWSPAPER VFD INSER	192,574,189	214,917,142	216,217,810	268,930,536	892,639,677
COMMUNITY NEWSPAPER VFD ROP	894,158,546	1,028,139,403	1,025,403,880	973,143,135	3,920,844,964
CONSUMER MAGAZINES ROP	1,660,589,699	1,920,917,659	2,083,693,415	2,009,354,668	7,674,555,441
CONSUMER MAGS INSERTS	90,902,459	97,580,094	102,200,613	105,033,231	395,716,397
DAILY NEWS INSERTS	125,132,416	136,027,653	140,349,048	135,785,324	537,294,441
DAILY NEWS ROP	2,619,206,777	3,104,699,487	3,513,584,778	3,193,241,351	12,430,732,393
TRADE MAGAZINES ROP	323,309,777	329,545,794	344,213,423	335,076,826	1,332,145,820
TRADE MAGS INSERTS	2,848,058	1,852,868	2,568,435	1,420,326	8,789,687
WEEKLY NEWS INSERTS	52,910,110	53,027,546	80,509,624	83,764,535	270,211,815
WEEKLY NEWS ROP	1,161,221,474	1,329,915,999	1,462,994,168	1,528,174,744	5,482,306,385
<b>Grand Total</b>	<b>7,519,024,110</b>	<b>8,679,266,351</b>	<b>9,457,619,238</b>	<b>9,104,531,853</b>	<b>34,760,441,552</b>

SOURCE: AIS/ADEX (THE NIELSEN COMPANY)

CLIENT: ANDRE COERTZEN

**APPENDIX H**

<b>CAXTON</b>		<b>NASPERS</b>		<b>Independently owned</b>	
<b>Gauteng Province</b>		<b>Gauteng Province</b>		<b>Gauteng Province</b>	
<b>Urban:</b>	<b>Rural:</b>	<b>Urban:</b>	<b>Rural:</b>	<b>Urban:</b>	<b>Rural:</b>
Alberton Record	African Reporter	City Vision		Eastern Times	Kathorus Mail
Alex News	Heidelberg Nigel Herald			Horizon	Rekord - Nigel & Heidelberg
Bedfordview Edenvale News	Krugersdorp News			Laudium Sun	Sosh Times
Benoni City Times	Meyerton Ster			Lenasia Times	Triangle Courier
Boksburg Advertiser	Randfontein Herald			SA India	Tshwane Sun Atteridgeville
Brakpan Herald	Springs Advertiser				Tshwane Sun Central
Chiawelo Urban News	The Consumer				Tshwane Sun Centurion
Comaro Chronicle	Vaal Weekblad				Tshwane Sun Hammanskraal
Diepkloof Urban News	Vaal Weekly				Tshwane Sun Mamelodi
Dobsonville Urban News	Vanderbijlpark Ster				Tshwane Sun Soshanguve
Eldorado Urban News	Vereeniging Ster				Tshwane Sun West
Fourways Review	Vision Evaton				
Germiston City News	Vision Sebokeng				
Jabavu Urban News					
Joburg East Express					
Kempton Express					
Lenasia Rising Sun					
Medowlands Urban News					
Midrand Reporter					
North Eastern Tribune					
Northcliff Melville Times					
Northside Chronicle					
Orlando Urban News					
Primville Urban News					
Pretoria Record Central					
Pretoria Record Centurion					
Pretoria Record East					
Pretoria Record Mamelodi					
Pretoria Record Moot					
Pretoria Record North					
Pretoria Record Noweto					
Pretoria Record West News					
Protea Urban News					
Randburg Sun					
Roodepoort Record					
Rosebank Killarney Gazette					
Sandton Chronicle					
Southern Courier					
Tembisian					
West Side Urban News					
Zola Urban News					
<b>Free State Province</b>		<b>Free State Province</b>		<b>Free State Province</b>	
<b>Urban:</b>	<b>Rural:</b>	<b>Urban:</b>	<b>Rural:</b>	<b>Urban:</b>	<b>Rural:</b>

	Heilbron Herald		Bloem Nuus		Eastern Free State Issue
	Parys Gazette		Express		Frankfort Herald
	Sasolburg Ster		Qwa Qwa Express		Free State Business Bulletin
			Kroonnuus		Free State Sun
			Forum		Harrismith Chronicle
			Maluti		Highlands Post
			Matchfit		Maloti News
			Ons Stad		Mangaung Issue
			Vista		Our / Ons Krant
			Vrystaat		
<b>Kwa-Zulu Natal Province</b>		<b>Kwa-Zulu Natal Province</b>		<b>Kwa-Zulu Natal Province</b>	
<b>Urban:</b>	<b>Rural:</b>	<b>Urban:</b>	<b>Rural:</b>	<b>Urban:</b>	<b>Rural:</b>
Berea Mail	Bay Watch	Eastern Express	East Griqualand Fever	Al Qalam (KZN)	Edendale Eyethu
Chatsworth Rising Sun	eShowe Watch	Forest Express	Echo	Al Qalam (National)	Ethekwini Times
Highway Mail	Escourt & Midlands News		Greytown Gazette	Chatsworth Tabloid	Kokstad Advertiser
Maritzburg Sun	Inkanyezi inc Times of Newcastle		South Coast Fever	Coastal Weekly	Ladysmith Herald
Merebank Rising Sun	Ladysmith Gazette		The Mirror	Galaxy	Maritzburg Views
North Coast Courier	Mid South Coast Mail		Zululand Fever	Highway News	Meander Chronicle
North Watch	Newcastle Advertiser			Life & Style	Mountain Echo
Northglen News	Newcastle Sun			Phoenix Tabloid	Newcastle Express
Queensburg News	Northern Natal Courier			Primary News - Durban	Pongola News
South Coast Rising Sun	Northern Natal Farmer			Stanger Weekly	Public Eye
South Coast Sun	South Coast Herald			Umhlanga Globe inc Globe 'n	Southern Star
Southlands Sun	Times of Ladysmith inc Drakensberger			Weekly Gazette	Umlazi Times
The Hilltop	Umlozi Wezindaba				Umvoti Light
	Village Talk				
	Vryheid Herald				
	Zululand Observer				
<b>Limpopo Province</b>		<b>Limpopo Province</b>		<b>Limpopo Province</b>	
<b>Urban:</b>	<b>Rural:</b>	<b>Urban:</b>	<b>Rural:</b>	<b>Urban:</b>	<b>Rural:</b>
	Agri Spectrum				
	Bosvelders				Bulletin
	Capricorn Voice				Kruger 2 Canyon
	Letaba Herald				Kwévoël
	Informant				Limpopo Beat
	Mopani News				Limpopo Mirror
	Northern Review				Mogol Post
	Palabora & Hoedspruit Herald				Polokwane Observer
	Polokwane Express				Die Pos
	vHembe Herald				Seipone
					Zoutpansberg
<b>Mpumalanga Province</b>		<b>Mpumalanga Province</b>		<b>Mpumalanga Province</b>	
<b>Urban:</b>	<b>Rural:</b>	<b>Urban:</b>	<b>Rural:</b>	<b>Urban:</b>	<b>Rural:</b>
	Barateiro				Ekasi News
	Barberton Times				Excelsior News
	Corridor Gazette				Highlands Panorama

	Cosmos Gazette				Highveld Tribune
	Die Daller				Highveld Tribune 2 - Standerton
	Hazyview Herald				Middelburg Herald
	Highvelder				Record
	Lowvelder				
	Middelburg Observer				
	Mpumalanga Mirror				
	Mpumalanga News				
	Nelspruit Post				
	Ridge Times				
	Standerton Advertiser				
	Steelburger inc Lydenburg News				
	Streeknuus				
	The Echo				
	White River Post				
	Witbank news				
<b>Eastern Cape Province</b>		<b>Eastern Cape Province</b>		<b>Eastern Cape Province</b>	
<b>Urban:</b>	<b>Rural:</b>	<b>Urban:</b>	<b>Rural:</b>	<b>Urban:</b>	<b>Rural:</b>
	Graaf-Reinet & Karooenuus / new	PE Express	Isolomzi Fever		Aliwal Weekly
			Kouga Express		Barkly East Reporter
			Mithatha Fever		The Bugle
			UD News / Nuus		Eastern Cape Today
			Uvo Lwethu Fever		Gontubie Bugle
					Grocotts Mail
					Kowie Bugle
					Midlands News
					Pondo news
					Somerset Budget & Pearston Advocate
					St. Francis Chronicle
<b>North West Province</b>		<b>North West Province</b>		<b>North West Province</b>	
<b>Urban:</b>	<b>Rural:</b>	<b>Urban:</b>	<b>Rural:</b>	<b>Urban:</b>	<b>Rural:</b>
	Bonus		Carletonville Herald		Lebone (Youth Newspaper)
	Brits Pos		Noordwes Gazette		Mmega District News
	Klerksdorp Record		Potchefstroom Herald		North West Independent
	Lentswe				Noordwes Noordkaap Streeknuus
	Noordwester				Overvaal
	Rustenburg Herald				
	Stellander				
	The Mail				
<b>Northern Cape Province</b>		<b>Northern Cape Province</b>		<b>Northern Cape Province</b>	
<b>Urban:</b>	<b>Rural:</b>	<b>Urban:</b>	<b>Rural:</b>	<b>Urban:</b>	<b>Rural:</b>
	Gemsbok		Northern Cape Express		De Aar Echo
			Kuruman Bulletin		Kathu Gazette
			Noordkaap		Noordwester / Oewernuus
					Victoria West Messenger
<b>Western Cape Province</b>		<b>Western Cape Province</b>		<b>Western Cape Province</b>	

<b>Urban:</b>	<b>Rural:</b>	<b>Urban:</b>	<b>Rural:</b>	<b>Urban:</b>	<b>Rural:</b>
	Cxpress	Blits News on Track	Breederivier Gazette		Courier
	George Herald	City Vision CT	Caledon Kontrei Nuus		Die Herrie
	Knysna-Plett Herald	Paarl Post	District Mail		Northern Bulletin (WC)
	Mossel Bay Advertiser	People's Post	Eikestad Nuus		Ons Kontrei
	Oudtshoorn Courant	Tyger Burger	Stellenbosch Gazette		SA Fruit Journal
	South Cape Forum		Helder Pos		Suidernuus / Southern Post
			Hermanus Times		Swartland Weskus Herald
			Hoom		Winelands Echo
			Overberg Venster		Witzenburg Herald
			Swartlander		
			Weskus Nuus		
			Weslander		
			Worcester Standard		



March 2008	March 2009	April 2005	April 2006	April 2007	April 2008	April 2009	May 2005	May 2006	May 2007	May 2008	May 2009	June 2005	June 2006	June 2007	June 2008	June 2009	July 2005	July 2006	July 2007	July 2008	July 2009	August 2005	August 2006	August 2007	August 2008	Total 2005	Total 2006	Total 2007	Total 2008	Total 2009	
37,811	115,816	-	-	9,750	39,959	61,932	-	-	-	-	-	93,176	239,789	-	-	14,535	80,391	125,720	-	-	37,284	73,984	-	-	41,928	-	7,350	342,554	964,443	774,063	
2,322	-	-	-	-	3,096	-	-	-	194	-	-	137	-	-	2,554	-	-	-	-	-	987	-	-	-	-	-	-	2,251	17,289	2,179	
4,990	7,440	-	-	-	2,587	5,580	-	5,073	-	-	-	2,587	7,440	-	-	5,073	-	-	-	-	-	-	-	5,073	-	-	28,655	9,979	23,005	20,460	
-	-	-	-	-	10,355	12,236	-	-	-	-	-	-	-	-	9,846	-	-	-	-	-	-	5,558	-	-	-	-	-	9,846	65,841	12,236	
-	3,327	-	-	-	3,327	-	-	-	-	-	-	1,900	361	-	-	3,798	14,637	-	-	-	4,650	-	-	-	-	-	-	11,290	9,392	21,852	
44,922	126,583	-	-	9,750	55,996	83,875	-	5,073	194	97,662	217,727	-	5,073	24,380	86,744	140,357	-	-	-	-	43,121	79,542	-	5,073	41,928	-	36,095	375,920	1,999,050	930,590	
19,715	15,466	7,900	36,114	12,256	18,915	18,091	5,227	29,791	10,006	32,245	40,510	21,727	25,805	888	7,825	23,130	19,395	36,210	8,440	19,342	7,067	19,800	3,321	-	-	124,311	399,261	107,260	453,249	129,736	
-	-	2,834	1,250	498	-	4,178	224	1,318	8,094	-	-	1,105	2,090	-	7,864	1,105	1,319	2,094	3,358	1,753	3,618	3,432	-	-	-	13,791	28,055	21,710	10,901	13,941	
5,337	1,660	8,742	9,865	7,762	6,430	11,435	6,809	4,270	8,415	8,217	29,818	14,745	13,285	11,801	10,006	24,544	18,272	9,891	12,645	2,457	16,182	7,029	10,877	-	198,303	144,778	143,238	84,244	69,289		
22,783	18,016	49,245	28,499	12,212	10,450	30,773	44,398	15,816	20,780	41,977	58,171	52,326	22,593	-	37,766	28,104	78,091	20,428	11,858	26,158	40,379	13,069	7,506	-	534,728	251,800	173,405	342,450	195,850		
9,516	-	-	-	10,250	7,350	-	-	-	7,500	2,953	2,200	-	-	-	9,000	8,400	-	-	924	9,299	2,888	-	-	13,620	-	-	-	16,798	101,233	44,118	2,200
5,987	3,759	-	9,073	4,320	-	-	-	2,835	2,264	400	1,140	-	-	3,723	344	-	-	868	1,916	2,218	-	888	1,324	-	-	-	28,299	19,663	48,979	6,990	
1,019	832	2,012	3,043	2,510	-	2,700	2,256	-	5,447	3,703	4,571	10,829	3,703	4,571	926	756	6,031	2,139	3,922	-	5,301	4,368	2,958	-	47,268	34,478	38,755	7,728	7,796		
13,654	12,915	15,049	9,009	25,485	2,212	11,959	12,687	7,367	15,955	2,212	13,128	20,988	9,158	16,987	4,204	5,469	9,797	16,272	9,124	2,212	13,063	17,278	23,091	-	165,808	172,943	270,161	121,281	58,095		
-	3,174	8,150	7,411	743	-	2,597	1,457	6,838	3,455	557	-	420	-	7,607	270	-	-	-	2,059	1,260	729	-	1,984	-	-	47,998	44,729	8,150	42,288	6,838	
78,011	55,642	93,932	164,284	76,936	54,357	81,733	73,156	88,932	81,926	88,561	145,884	122,120	80,357	43,592	76,733	88,137	134,897	88,055	81,345	59,990	84,501	66,071	68,812	-	-	1,132,112	1,169,128	893,584	1,135,236	492,539	
-	-	-	-	-	-	-	-	-	435	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,100	435	-	-
43,063	33,560	8,169	14,161	40,025	34,910	58,502	12,411	25,549	63,960	39,887	27,260	36,199	23,658	16,466	31,233	38,196	9,813	26,482	31,001	60,820	16,378	16,386	31,340	-	242,801	309,443	396,047	433,900	230,464		
1,181	628	8,470	2,796	2,544	1,440	-	5,014	-	5,640	1,329	10,298	3,755	-	8,741	-	-	-	610	9,378	-	4,103	-	4,360	-	-	114,228	67,972	27,242	28,019	1,957	
-	-	14,537	96	793	-	3,898	14,537	-	-	988	-	16,525	-	-	-	-	9,994	7,007	1,242	797	11,710	-	-	-	-	82,752	82,992	2,775	38,603	6,737	
696	-	-	-	696	-	-	-	-	1,560	1,479	1,180	-	-	780	-	-	-	-	-	-	-	-	-	-	-	-	-	2,338	6,236	1,160	
1,959	821	7,900	3,151	1,583	11,124	-	-	-	3,803	-	7,416	5,424	1,772	574	1,121	5,503	5,424	-	12,935	-	2,743	9,330	1,000	-	-	53,739	35,361	55,331	83,237	24,864	
-	-	48,171	8,947	15,739	3,209	-	39,933	21,109	25,289	20,391	-	67,075	37,101	15,343	14,355	-	44,018	19,791	-	22,185	39,763	38,418	5,331	-	-	503,455	303,197	112,915	111,404	19,330	
15,403	7,958	27,188	10,474	11,148	8,630	14,223	11,899	6,540	10,113	10,001	7,182	14,447	14,026	15,607	10,300	9,195	19,514	5,602	10,250	9,584	16,845	20,549	9,857	-	168,201	209,051	143,250	141,863	52,438		
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,981	-	-	-	-	-	5,919	-	14,873	13,421	-
2,305	6,992	-	-	-	5,900	2,367	-	-	-	2,020	2,367	-	-	-	2,771	1,184	-	-	935	2,786	-	-	936	-	-	-	-	-	8,968	1,487	-
26,708	37,209	-	-	15,848	45,144	77,796	-	-	8,400	29,380	9,590	-	-	11,391	36,585	40,619	-	-	19,484	42,480	-	-	19,527	-	-	-	31,810	240,856	355,839	233,095	
91,316	87,168	114,144	39,624	86,898	101,511	167,710	83,761	53,198	114,580	109,785	66,304	151,966	80,312	60,180	105,106	94,697	98,242	58,802	76,486	149,836	83,629	96,390	72,371	-	-	1,199,093	1,026,928	1,014,968	1,242,874	587,434	
-	-	-	-	1,200	-	-	-	-	-	-	-	6,523	-	-	2,580	7,520	-	-	-	-	-	15,000	1,832	-	-	-	27,760	9,786	8,080	6,600	23,256
-	-	4,149	-	-	-	-	2,109	2,580	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1,226	-	961	-	17,975	-	-	4,114	350	21,227	-	926	5,211	13,256	13,247	-	-	-	-	4,114	2,969	6,065	7,624	10,069	11,143	1,763	83,898	128,277	158,143	30,040	7,941	
19,396	-	-	-	-	7,109	-	-	-	7,603	3,345	-	-	-	-	7,886	-	-	-	-	-	5,237	-	7,863	-	-	-	-	10,328	46,931	97,668	-
-	-	-	-	-	7,109	-	-	-	-	3,345	-	-	-	-	5,237	-	-	-	-	-	5,237	-	-	-	-	-	-	-	59,293	-	-
1,801	1,843	-	1,037	13,919	5,078	1,843	2,066	-	4,395	6,175	1,843	3,126	5,880	3,487	4,374	3,048	2,088	-	1,687	4,286	3,066	2,620	3,467	-	-	30,212	24,618	65,899	43,887	13,943	
24,109	-	7,037	3,476	9,875	45,878	-	1,416	8,508	6,167	57,012	26,935	25,603	5,566	12,982	14,233	92,517	29,253	799	8,782	37,209	13,711	10,187	35,767	-	-	160,528	131,166	221,939	543,461	252,020	
29,028	-	33,082	71,769	62,980	39,748	13,664	36,681	77,509	62,171	300	4,544	56,117	62,345	52,023	27,591	13,395	34,802	83,810	39,902	42,984	56,622	46,647	31,334	-	-	567,943	879,577	603,948	280,795	31,603	
-	-	-	-	4,756	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,450	-	-	-	-	-	-	-	34,135	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	5,818	-	-	17,852	7,598	-	1,856	2,934	13,587	-	1,405	10,034	6,243	8,667	5,618	3,065	82	5,619	9,285	5,818	2,052	9,781	8,228	-	-	25,672	124,701	140,458	57,420	33,677	
-	-	-	-	769	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	769	-	-
-	-	1,861	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,719	-	24,387	-	-
-	3,493	-	-	3,880	10,433	2,521	-	-	-																						

	53,776	75,592	39,970	32,812	33,484	58,595	66,648	37,756	34,940	66,632	62,315	34,776	42,710	51,157	26,538	32,821	11,429	48,028	43,316	20,878	32,209	32,037	81,922	46,528	53,095	35,981	58,529	77,398	
	-	5,985	12,325	2,333	-	2,632	3,770	10,561	-	5,326	6,977	8,702	-	2,000	-	6,271	-	-	-	-	1,018	-	-	-	35,357	3,208	10,455	-	49,185
L	68,899	100,378	87,333	82,734	70,053	69,241	87,033	118,527	72,619	158,333	158,375	105,420	78,097	118,475	70,512	86,285	23,292	47,477	67,423	48,543	90,661	30,422	71,339	108,427	113,033	96,967	51,049	87,594	
L	50,150	35,727	34,908	32,798	42,946	32,413	40,295	40,609	44,607	63,523	55,548	64,545	65,463	28,003	35,754	8,756	20,773	38,042	18,621	33,994	15,148	31,675	35,805	54,955	46,135	31,853	48,173	48,173	
	243,769	394,010	336,389	317,312	241,924	329,338	380,093	361,847	226,202	495,964	509,611	410,873	251,021	354,361	215,777	278,216	60,098	166,898	285,109	154,993	340,644	67,207	255,044	367,954	357,421	370,060	200,697	390,283	
MP	-	-	-	6,680	-	-	1,556	-	-	-	744	12,227	-	-	-	87	-	-	-	-	569	-	-	-	-	-	-	-	11,810
MP	24,796	18,178	24,988	40,584	12,923	25,446	30,884	47,021	24,323	31,808	44,047	59,023	14,739	29,137	13,488	31,516	64	8,099	8,837	14,439	30,248	3,474	12,910	15,635	31,394	42,347	16,356	34,447	
MP	-	1,575	7,787	16,809	-	8,011	3,750	18,084	-	10,703	3,485	27,259	-	6,558	3,465	15,736	-	-	1,000	4,365	15,765	-	12,322	1,000	7,094	12,569	-	33,432	
MP	-	-	-	-	-	-	826	-	-	-	8,988	5,184	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MP	-	-	-	-	-	-	-	-	-	-	-	-	1,140	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MP	-	-	-	-	-	644	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MP	-	-	-	-	-	22,352	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	800
MP	4,086	6,571	2,519	6,072	1,271	3,284	9,500	7,363	6,798	7,948	11,259	2,003	3,378	3,950	2,835	3,443	4,512	8,402	5,171	927	4,257	432	3,629	6,531	6,870	3,565	3,593	26,883	
	28,894	28,322	35,293	70,055	14,194	59,718	46,516	72,446	31,121	50,461	68,591	105,898	18,117	40,813	19,973	50,895	4,576	16,501	15,007	20,299	50,276	3,968	28,861	35,776	45,158	59,461	19,949	133,191	
N	-	-	-	5,128	-	-	5,128	-	-	-	3,349	-	-	-	3,349	-	-	-	-	-	-	-	-	-	-	-	-	-	-
N	-	-	5,751	45,636	-	-	5,661	43,389	-	-	11,501	26,411	-	-	-	44,676	-	-	-	6,551	65,366	-	-	-	-	7,351	62,532	-	-
N	69,367	53,084	69,896	68,239	46,428	91,880	91,533	92,572	36,887	86,331	91,823	68,124	49,932	50,580	88,165	96,288	32,372	57,975	46,534	63,184	47,141	37,371	39,661	49,304	65,366	45,707	48,456	63,083	
N	28,550	34,133	28,651	16,545	12,887	23,988	18,880	16,605	9,748	33,757	13,314	13,905	34,119	38,519	15,054	8,575	2,688	5,874	7,010	2,688	9,816	13,927	17,408	26,960	9,455	11,274	14,873	20,677	
N	357,987	523,493	630,085	799,281	343,399	620,638	677,745	703,191	426,864	878,604	858,489	816,012	376,200	625,547	627,794	748,718	209,660	348,016	363,241	606,192	681,453	252,110	327,191	635,794	729,351	888,971	256,895	622,030	
N	-	-	-	8,682	-	6,647	-	8,682	-	8,542	8,905	-	-	-	8,905	-	-	-	-	-	-	-	-	-	-	-	-	-	-
N	12,301	18,099	9,297	6,120	4,192	4,894	6,750	6,588	3,952	12,515	22,216	-	3,952	25,273	11,610	1,377	8,082	11,755	5,639	1,944	5,160	12,953	15,600	5,770	10,696	4,686	8,664	6,445	
	489,205	626,789	741,679	949,511	408,904	748,047	800,589	878,155	477,452	1,017,751	1,009,597	924,452	464,204	57,699	754,876	899,914	253,102	424,620	422,424	680,559	808,958	316,361	399,859	717,849	822,222	1,613,178	328,708	712,233	
NC	8,610	12,088	13,969	14,980	6,598	17,493	7,480	16,523	6,514	3,821	10,229	16,811	7,147	5,490	6,401	13,113	2,088	3,682	3,845	3,491	8,225	3,192	9,188	1,312	7,452	11,528	1,563	7,773	
NC	-	-	516	4,736	-	-	-	9,493	-	-	-	37,920	-	-	-	8,790	-	-	-	3,868	5,881	-	-	-	1,093	13,530	-	-	-
NC	74,489	15,766	22,487	-	88,749	49,377	1,191	-	63,008	28,628	14,340	15,070	84,159	39,280	14,975	-	13,554	55,136	32,153	5,417	-	16,880	62,027	36,068	63,443	4,312	52,666	39,012	
NC	49,987	37,541	-	-	40,693	56,953	-	78,818	55,759	-	35,466	23,389	-	19,097	28,159	13,935	-	-	-	-	-	31,338	44,338	60,558	-	-	-	-	43,615
NC	583	-	138	941	1,316	845	-	2,679	2,045	1,732	2,479	1,641	1,112	2,630	-	-	194	-	-	-	-	151	2,163	-	703	1,692	878	2,804	
NC	1,140	-	-	2,316	-	6,756	-	723	284	272	-	420	-	-	-	-	-	-	-	-	-	4,275	11,444	7,863	2,316	1,571	36	1,072	
	132,819	65,395	37,110	22,973	135,357	131,423	8,671	28,695	151,107	88,223	27,320	71,242	128,303	70,789	21,376	21,903	34,933	86,977	49,933	12,794	14,108	55,834	129,161	165,902	75,007	22,633	98,756	134,368	
NW	-	-	713	-	-	-	-	583	-	-	4,374	-	-	-	4,374	-	-	-	-	2,346	-	-	-	-	-	-	-	-	42
NW	32,078	21,400	29,358	37,722	30,789	34,082	49,451	68,507	26,973	36,884	24,861	50,841	17,757	17,655	25,254	24,589	6,488	6,483	22,424	25,174	11,700	23,195	9,577	39,397	36,832	33,538	27,546	48,873	
NW	-	8,424	1,824	11,859	-	2,070	5,715	40,390	-	5,818	4,291	47,495	-	13,798	1,316	61,579	-	-	-	10,240	3,668	28,866	-	4,752	41,837	12,032	41,583	-	365
NW	6,173	25,731	10,531	8,555	5,912	6,898	12,707	28,778	12,189	11,423	33,165	17,197	2,582	11,000	14,951	3,800	1,758	4,439	1,088	2,999	-	-	2,757	7,565	2,999	2,790	-	9,966	
	38,249	55,554	42,424	58,136	36,702	43,050	67,674	133,675	38,745	53,904	66,492	115,533	20,319	42,453	45,896	89,988	8,245	13,268	33,752	31,839	38,586	23,195	19,432	88,798	51,862	77,891	27,546	59,625	
S	-	-	680	-	-	-	11,124	789	-	951	10,012	-	-	951	-	3,038	-	-	3,997	800	2,865	-	-	2,171	-	2,518	-	-	
	-	-	680	-	-	-	11,124	789	-	951	10,012	-	-	951	-	3,038	-	-	3,997	800	2,865	-	-	2,171	-	2,518	-	-	-
WC	20,708	12,294	5,991	10,852	9,816	17,853	8,738	32,235	15,872	7,527	54,493	12,382	13,938	4,288	9,635	10,999	1,854	1,557	6,993	13,193	21,808	8,475	26,364	19,920	11,806	9,409	16,452	15,767	
WC	4,880	-	-	-	51,380	40,472	6,500	45,885	-	-	-	-	-	10,972	6,500	-	-	-	-	-	-	-	10,513	-	-	-	-	-	-
WC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WC	3,960	20,949	19,319	13,265	-	13,514	17,846	20,782	-	21,587	40,255	13,341	12,188	6,832	24,797	6,593	-	7,466	4,365	16,926	21,958	-	18,622	10,133	11,770	6,642	-	14,894	
WC	-	-	-	-	-	-	2,056	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WC	28,019	17,352	57,632	41,711	30,284	38,114	35,467	46,056	45,779	38,623	69,218	39,929	41,876	31,294	20,082	39,251	6,865	17,256	9,169	11,335	42,756	1,926	40,350	8,532	24,857	17,197	24,210	61,456	
WC	8,103	7,882	25,683	21,183	-	11,052	4,757	12,883	-	8,138	18,857	13,519	-	1,803	-	8,150	2,145	10,384	12,282	888	11,578	9,201	24,564	3,392	14,198	18,344	21,283	18,344	
WC	15,259	15,590	25,130	37,270	18,398	30,184	10,750	55,781	24,023	21,570	83,156	34,233	21,050	0,331	17,003	30,381	10,003	7,804	7,480	16,493	40,175	17,575	21,214	10,273	23,117	10,380	18,997	52,677	
WC	-	-	-	21,754	-	-	31,545	-	-	-	-	14,388	-	-	-	8,923	-	-	-	-	9,528	-	-	-	-	-	-	-	7,353
WC	7,187	15,905	69,913	36,360	14,850	17,177	29,183	60,078	14,177	17,004	72,807	39,905	13,189	38,141	15,643	25,343	1,440	5,010	23,584	12,718	40,536	7,452	12,118	25,258	53,547	35,253	9,961	36,205	
	87,408	88,774	493,849	492,514	122,755	438,967	415,975	305,045	60,052	110,440	370,655	107,675	122,254	11,701	92,650														

