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10th July, 1993

Response to the Independent Broadcast Authority
Bill, Working Draft No. 4 from Caxton Ltd and
CTP Ltd.

TO WHOM IT MAY CONCERN

Thank you for publishing this draft and seeking response to it. In our brief reply we have deliberately addressed only those matters which directly concerned us. We could broaden the scope of our comments to include matters of a more technical nature, but we are sure these areas will be addressed by the appropriate "experts".

Should you wish us to elaborate on, clarify or in any way further explain any of our submission, we would be happy to do so. This could most easily be effected by contacting Mr N M Coburn at :


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Thanking you for the effort already expended on this matter.

On behalf of Caxton Ltd and CTP Ltd

Yours sincerely


N M COBURN
JOINT MANAGING DIRECTOR

OBJECTIVES OF THIS DOCUMENT

To comment on the draft bill, and suggest ways in which the apparent aims of the bill could be improved.

SOME BACKGROUND ON CAXTON LTD AND CTP LTD.

Caxton Ltd is the holding company of the CTP group. The CTP group together with associated companies has a turnover of some R700 million, and employs some 2800 people. CTP owns and operates a number of consumer magazines such as Style, Face and Food & Home. It also runs more than 50 community newspapers, both paid and free. Typical titles are The Sandton Chronicle, The Randburg Sun, The Benoni City Times, The Tembisaan, The Zululand Observer, Ogwini and so on. Each paper serves a very specific geographic area, and circulations range from a low of +/- 4000, to a high of +/- 52 000. The average circulation would be about 20 000. The media side of the business accounts for about 20% of CTP's turnover. The balance comes largely from commercial printing, book printing, stationery manufacture, packaging, and ink production.

The current controlling shareholders of Caxton (and, via Caxton, CTP), are two ex-schoolteachers, T D Moolman and N M Coburn, who took the company from a turnover of R1,8 million in 1979 to its present size. Another large, but

minority, shareholder, is the Argus Company. Argus is not likely to remain a substantial shareholder in Caxton/CTP, as recent press reports on Argus' unbundling intentions clearly indicate.

WHAT ARE CAXTON/CTP'S INTERESTS IN THE I.B.A. BILL?

Caxton/CTP have, for a number of years, been eager to acquire an appropriate stake (our definition of an appropriate stake is tabled a little later in this document) in broadcast media. To this end we have repeatedly approached the relevant authorities to communicate our interest.

We must record that we think the arbitrary granting of the M-Net licence to a select number of daily newspaper groups was wrong and unfair. We believe that tenders from all interested parties should have been called for, and a number of licences granted in terms of a set of guidelines. Effectively, by granting M-Net a licence, the government alienated public property without receiving any payment back to the public coffers. It also prevented competition and a free market, which ultimately would have produced the best broadcast products for all South Africans.

As a company we therefore welcome the creation of the I.B.A., and the concomitant introduction of private broadcasting. What we do not welcome, or indeed understand, is the proscriptive nature of the proposed bill.

which tries to aid historically disadvantaged people by refusing to allow participation in a new broadcast environment by companies such as Caxton/CTP. This is short-sighted. We believe, as this document will show, that local press groups such as Caxton/CTP could aid, rather than retard, a rapid and successful transformation of the South African broadcasting scene.

So, to answer the question posed by the heading to this section: we wish to participate in the new broadcast structure. Our interests in making this submission to the Committee and the Commission are therefore patent, and selfish. What we would like to attempt to show, however, is that the broader interests of the drafters of the present bill could be better served by allowing companies such as ourselves entry, rather than by denying us access, which is what a number of sections of the bill do (viz sections 45 through 47 and especially section 47).

OUR PHILOSOPHICAL STANCE

When the Viljoen Commission of Enquiry into the broadcast media was established, we duly made a submission to them. We summarise briefly the thrust of our presentation to the Viljoen Commission. We then add some additional material that we believe is relevant, based on events subsequent to the Viljoen Commission's findings being published. (We incidentally were not in favour of many of the Viljoen Commission's final determinations).

We suggested to the Viljoen Commission that their recommendations could well be based on two considerations: firstly, the principle of free choice for all South Africans be paramount when assessing the viability of new broadcast media and the granting of licences. We submitted that this could be achieved by allowing a number of stations to broadcast in each area in competition with each other. This would promote a striving for excellence and "force" each station to do all in its power to create programming to attract the largest possible audience. By creating competition which forces the stations to pay attention to consumers' needs, the interests of the various audiences would best be served.

Our second guideline was that, while competition was vital and had to be created, we had to face the fact that South Africa had limited resources, and these needed to be allocated efficiently. If too many stations were allowed to operate, especially in "desirable" areas, the resultant audience fragmentation would mean that no-one could operate profitably. Many of the stations would therefore collapse, which would be a waste of money and people. Clearly it is essential that a free market operate, but a situation like the Australian one where dozens of operators were licensed and dozens collapsed, seemed inappropriate. We therefore suggested that, dependent on the nature of the region, an assessment be done to determine how many stations the market could support, and this number then be licensed.

Flowing out of these beliefs, we then defined what our stance was with regard to our company applying for licences. We do not believe we have any automatic right to a licence, although we believe that granting the M-Net licence to the dailies is an imbalance that needs correction. However if, in an area where we have newspapers operating, three licences (say) were made available, we would hope to secure a share in the region of 40% in one of the licences. The balance would be held by local leaders in the community (communities) where the licence was granted. (This incidentally is our definition of an appropriate shareholding).

Why should local newspapers be granted any shareholding in the first place? The draft legislation lays down emphatically they should not. We beg to differ.

Resources in the New South Africa are going to be stretched to the limit. New broadcast media are going to have to compete for advertising and sponsorship money with other media. They are also going to have to develop and attract audiences. To do this they are going to have to promote themselves.

Partnership with local newspapers have huge benefits for new broadcast operators. Firstly they can continuously promote themselves to the people of the community to attract listenership. Secondly, they can use the local papers'

editorial and advertisement sales networks to keep costs low and build revenues from day one. They can also piggyback on the newspapers' marketing and research expertise to effectively position themselves in the marketplace.

This would be a great advantage in the first phase of the new medium's life. We therefore believe that, at the very least, the prohibitions on local newspaper involvement should be suspended for the first licence period, and local (not daily) newspapers should be encouraged to be part of a partnership, though their shareholding should be limited to a maximum of 40%.

The current draft legislation is too proscriptive. Let people choose partners and form partnerships, but put restrictions in place - not exclusions.

If new broadcasters are deliberately thrust into competition with other local media, it will be to the detriment of both. Local markets are relatively small in revenue terms. New entries could start rate wars which will slow or stop the new entrants' ability to get profitable. Partnership will obviate this. And remember we are suggesting that the local papers are only allowed a minority stake in one of the licences granted in an area; this can be reviewed when licence renewal comes up.

SOME ADDITIONAL BACKGROUND

The thoughts expressed previously obviously are driven by self-interest. But they are driven by enlightened and experienced self-interest. For the past three years, one of our associated companies, the Newspaper Marketing Bureau (NMB), headed by one of our controlling shareholders, Mr N M Coburn, has rendered considerable assistance to the so-called alternative press.

We have run market research projects, marketing courses and sales seminars. We have even taken one of the papers, New Nation, under our sales wing, and considerably enhanced its revenues.

Recently when New Nation and another member of the alternative press, Vrye Weekblad, sought further funding from the EEC, Mr Coburn was commissioned by the EEC to write an evaluation of the prospects for these media. We enclose the overview section of the EEC report written by Mr Coburn. (The EEC subsequently granted the two publications a further R5 million in total).

We believe that the contents are highly relevant. Here's why.

The draft legislation envisages enlarging the number of broadcasters, but leaving established players alone. That is probably a sentence of death for most of the new players.

Their resources in comparison to the established broadcasters' are miniscule. They will not have the same expertise as the established broadcasters. They will find it almost impossible to penetrate the present marketing and ad. sales networks. Without suitable partners to afford them entry, they could end up as most of the alternative press have - dependent for their survival on handouts. Handouts are getting scarcer. Markets are getting more competitive. The competitiveness will increase as new entrants come on stream. To simply expect these newcomers to succeed against the huge odds facing them shows a lack of commercial reality. Local press offer a key synergistic media partnership. Do not deny it.

The following pages are drawn from the EEC report. We summarise our final thoughts thereafter.

INTRODUCTION

SOME PLAIN BLUNT WORDS

Vrye Weekblad (VWB) and New Nation (NN) are two titles of a publishing genre in South Africa collectively referred to as the alternative or independent press. Typically, these publications were created by dedicated journalists who were outraged by the often unpublished excesses of the apartheid regime. Supported almost entirely by overseas funding, their whole emphasis was on creating an editorial product for their particular market niche. They were often harassed by various branches of the security services; some editors were even arrested and detained for considerable periods.

Concepts like marketing, management and advertising sales were seldom discussed, let alone practised. Cover prices were low, as, generally, were circulations. Few if any of the publications broke even and most operated at substantial losses which were made good by the overseas funding flow.

Then in two short years, everything changed. The apartheid government declared its ideology to be irrelevant and consigned it to the trashcan. Most of the media and security laws were repealed. The mainstream commercial press, hitherto much more timid in its reporting, waded into the exposé business now that it could publish without putting itself at risk.

A previously repressive regime lifted the clamps, almost overnight. Normal press freedom became the order of the day. And the loss-making independent newspapers, which had so valiantly helped ring in the changes, suddenly had an apparently much diminished role to play. While the draconian apartheid state existed, they were highly visible Davids confronting a vicious State Goliath. After the reform they were small, somewhat elitest publications operating through considerable subsidies; subsidies that were willingly granted to "fight" the "Old South Africa", but which now looked wasteful considering the reality of the new.

Simultaneously two extraneous factors came into play. A worldwide economic slowdown forced donors critically to re-examine whether their money was well spent. And the collapse of the Eastern Bloc regimes and the turmoil so created on Western Europe's borders forced a restructuring of aid priorities.

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The result was a rapidly phased withdrawal of funds from the alternative/independent media, with instructions to them to "get commercial, get profitable". It is against this background that we have been commissioned to examine a number of questions raised by the EEC. And it is against this background that a number of plain, blunt words need to be spoken. Two professional and senior newspaper men have been asked to evaluate business plans produced by various independent newspapers. Clearly the EEC expect an absolutely frank, candid and, if need be, critical report. They deserve nothing less.

But this is a relativistic universe. What is seen depends absolutely on the position of the observer. The business plans under scrutiny were prepared by people trained and able to produce superb investigative journalism under pressured and difficult conditions. They are not managers. They are certainly not business people. To expect from them a full-scale business plan which will stand up to highly critical analysis by top management of giant publishing conglomerates seems less than fair. So we are faced with a marvellous example of Catch-22. We are professionally damned if we don't speak our minds; they are probably (and unfairly) damned if we do.

It seems to us essential that we must try to retain some sort of balance in this task. We are sure that is what the EEC really requires as well. So while the proposals tabled have been frankly dealt with, wants and all as it were, we have also sought to ensure that the EEC is in full possession of all relevant facts by means of two extra components to our report that were not called for in the original brief.

The first is a brief overview of the South African media scene. This is necessary because although at first glance it may appear to be similar to the mediascape of most of Western Europe, there are some major and relevant hidden dimensions to it that need to be tabled and discussed.

Secondly, we have attempted to do something that none of the business plans so far produced by the independents does coherently, and that is to assess the role and position of the independents in the New South Africa, and what resources they really need to get them viable!

THE SOUTH AFRICAN MEDIASCAPE

NOT SO MUCH A QUESTION OF WHO'S WHO IN THE ZOO, AS OF WHO OWNS WHOM

At first glance South Africa appears to be a media-rich country with a wide diversity of publications, radio stations and TV networks. Only by probing the situation does one discover that only certain sections of the community enjoy a wide media choice. And while unquestionably there is diversity in media available, there is certainly not diversity in ownership. Most significant media are run by one of five giant media corporations; if the interlocking and cross-shareholdings are traced back and up to holding companies, it could be fairly said that the huge Anglo American Corporation controls most of the English newspapers in the country, the Afrikaans insurance giant Sanlam controls the Afrikaans press and most of the consumer magazines, and the two jointly control the only independent TV station in the country, M-Net. The South African Broadcasting Corporation (SABC) controls almost every radio station and the remaining TV channels. The SABC is a quango and its control vests in a board appointed by the government via the senior Cabinet Minister under whom the SABC falls.

THE ANGLO AMERICAN CAMP

Anglo is the ultimate controlling shareholder of the Argus Group (Argus) and Times Media Limited (TML). Argus owns every major English language daily in South Africa, with the exception of the independent Natal Witness and the semi-independent East London Daily Dispatch, both published in small and relatively insignificant cities, and the Citizen, published by Perskor - an Afrikaans publisher in the Sanlam camp.

In addition, Argus has major interests in Caxton/DTP, the biggest publisher of provincial weeklies in South Africa, and in CNA, by far the largest and the only national newsagent chain in the Republic. On average, the CNA is responsible for 20% of the sales of the average periodical in South Africa. Argus also has a 20% stake in M-Net, the "independent" pay TV channel.

TML owns the country's biggest paper, the 500 000-plus circulation Sunday Times, the major financial media, the Financial Mail and Business Day, and the largest trade and technical publisher, Thompson Publications. TML also has a 20% stake in M-Net.

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Between the two companies, they own the only national distributor of newspapers, Allied Publishing. There is no alternative newspaper distribution network, and it is through Allied, which is structured to the needs of the two controlling shareholders, that most of the independent newspapers are distributed.

THE AFRIKAANS PRESS AND SANLAM

The two Afrikaans press groups are Nasionale Pers (NP) and Perskor. The former publishes every major Afrikaans daily newspaper with the exception of the relatively small Transvaaler, published by Perskor, and dominates the consumer magazine market in terms of overall circulation and advertising revenue.

Nasionale is a public company but not a quoted one, so the exact spread of shareholders is not public. However, one Sanlam company, Servgro, has a 22% stake, and it is generally acknowledged that Sanlam has effective control.

Perskor was until recently an independent company whose ultimate control was vested in a private voting trust. This trust was in turn controlled by semi-political figures with close connections and allegiance to the ruling National Party.

[For many years, the Perskor papers in the Transvaal and the Nasionale papers in the Cape were acknowledged by both government and the two companies to be the official mouthpieces of the National Party. (For a similar relationship and newspaper role see the Communist Party of the USSR and Pravda.)]

Following an ideological split in the National Party, Nasionale invaded and finally overran Perskor's Transvaal "turf", making Nasionale the undisputed leader in Afrikaans publishing. Recently Nasionale took up a 25% stake in Perskor, and have signalled unequivocally that they wish to absorb their competitor.

The two groups have a 50/50 partnership in the largest (and only) Afrikaans Sunday paper. Nasionale has a 20% interest in M-Net, and Perskor has about 14%. They each publish a number of regional weekly papers. In addition, they have the only two magazine distribution channels in the country.

THE SABC

Control of the 17 major radio stations and the only 3 TV channels is vested in the SABC. A small regional TV service operates in one of the "independent" homelands; there are a handful of small and regional radio stations. But 90% of viewership and listenership as well as 80% of ad revenue flow into the electronic media held by the SABC.

The only serious electronic media competitor to the SABC is M-Net, the pay TV station controlled by the four major newspaper groups, but even they are dependent on the SABC to broadcast their signal.

THE FUTURE

There is considerable talk about the establishment of an independent broadcast authority in South Africa. Talk abounds about the privatisation and fragmentation of the SABC. However, is little sign that this could happen in the immediate future.

In addition, Anglo American in particular have signalled their willingness to divest themselves of some of their press interests, most probably TML, if suitable buyers can be found. Argus group has just announced a scheme to increase black community participation in managing Sowetan, the largest black daily, and until now a 100% Argus-owned paper. This will be effected by setting up a trust which will hold a significant percentage of Sowetan shares. However, the monolithic nature of South Africa's media ownership basically looks set to continue, unless it is radically changed by law when the new majority rule government finally emerges.

The above should not be taken to suggest a "controlled" and non-competitive media market. There is certainly a measure of co-operation among the groups, especially when it comes to distribution and "regulating" the advertising market. But the reality of the market is that there is fierce and often bitter competition in every key market area between the media houses.

To an extent the rivalry has its roots in ideological differences created by the apartheid philosophy. Traditionally the English groups have been in strident and unyielding opposition to government policies. The two Afrikaans groups and the SABC were not only the handmaidens of the government but also its proselytizing acolytes. To them truth did not matter. The cause was all. Their loyalty paid dividends. Government business, in the form of excessively profitable printing contracts for textbooks, telephone directories and the like, flowed to them. Often the Afrikaans newspapers ran at massive losses, but the companies as a whole were kept in profit by the cross-subsidisation of government largesse.

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The English publishing houses, who derived no revenue from these sources, had to develop strong marketing and ad sales skills to stay afloat, especially when they faced the onslaught of commercial television launched by the SABC. However, as the situation normalised, and as government cash started to dry up somewhat, the Afrikaans publishers had to get professional as well. So did the SABC, when it faced its first rival in the form of M-Net, an extremely aggressive and highly skilled marketing concern.

The net result of all of this is that the mainline publishers, as well as the two TV networks, are adept, combative, and, in the current economic climate, hungry. They all have adequate managements. They are technically up to the mark, and in a number of instances ahead of their overseas analogues. They are computerised, bristled with accountants, employ literally hundreds of ad salesmen and women, and use all the latest marketing and sales techniques.

Newspaper "lotteries" are a regular feature of marketing life. City Press, the black weekend paper owned by Nasionale, recently relaunched and boosted its circulation by over 60% to 240 000, by dint of a big prize sweepstake competition.

The SABC has just spent in excess of R750 000 in taking every key agency media executive in the country to a series of think-tanks at one of the most expensive private game reserves in Botswana. Argus has just unveiled a new market research survey that cost an estimated R1 000 000; the results record the reading habits and shopping patterns of residents of the major metro areas, on a suburb by suburb basis. All this data is available through on-line computer systems to all ad agencies and important clients. And so on.

THE POINT OF ALL OF THIS

The aim of the preceding is to make a clear and significant point. It is this: there are only three ways to make a medium commercially viable. The first is by selling enough copies of the publication to a commercially attractive market, at a reasonable cover price. The second is by selling sufficient advertising at an appropriate price. The third is by controlling the costs of the activities of the company to ensure profitability. This implies having management, circulation and marketing and advertising sales skills. The media giants certainly have this knowledge. The independents do not. On top of this, the majors have the big exciting products which attract consumers and ad money. The independents do not. The majors can spend lavishly to promote their products to consumers and advertisers alike. The independents cannot. The majors drive their mass-market, in-house-produced, economy-of-scale

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products through their own distribution systems. The independents must buy printing out, have little or no economy of scale, and have to produce minimalist products through a distribution system not geared to and unsuitable for their small-circulation, niche-marketed products. Realistically, what real hope do the owner/editor-run independents have? They lack resources - that's a given. That is why they need funding. But more importantly they lack knowledge in key areas of their business. It is this lack of knowledge, more than any other factor, that will imperil them.

If therefore the EEC wishes to see the independents become viable, and there is no question that some of the independents have real potential to be substantial media, it is not only money that must be made available, but also access to the requisite skills and management disciplines. More money will keep the show on the road for the next year or two. A "skills transfusion" will ensure long-term survival and will probably ultimately require less in the way of financial input.

One final footnote before moving on. Only in the area of printing is there sufficient excess capacity as to ensure keen pricing; probably only in this area are the independents not overly disadvantaged.

Also an important caveat: we have detailed the strengths of the majors. However these strengths are not being used to block or destroy the independents; far from it. A number of the majors, notably the English publishing groups, have rendered considerable aid to the independents. This is partially altruistic, but clearly also self-interested. The more the independents succeed, the less likely the threat of some sort of government intervention in the media marketplace becomes. The point of chronicling the powers and activities of the majors is simply this. It is to show how omnipresent and "loud" they are in the market. In their great hustle and bustle of competing with each other, they quite drown out the sotto voce efforts of the independents. The majors are killing the independents - not by deliberate focused action but by inadvertently dominating the entire stage!

A KEY QUESTION

At this stage two very clear questions arise: Can the independents be helped? And should they be helped, do they have a role to play? The answer to the first question is yes. The independents can be helped, provided that two conditions are fulfilled. The first is that both money and skills are made available to them. But as important is that, secondly, the independents must want to become commercially viable, and must

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be prepared to turn as wholeheartedly to becoming businessmen as they did to creating and producing their media in the face of the difficulties they initially met. This is a vital consideration, and one to which we will return later.

Do the independents still have a meaningful role to play? The answer is an unqualified yes, but some discussion is needed to support this strong affirmative. As media the independents perform, or can perform, two vital functions. (One could argue that the mainstream media should perform these functions, but unfortunately they cannot and do not.)

South Africa is a country in a crucial transition phase. It has to make the journey from a racially divided and oppressive society to a more even-handed and equal-opportunity one. South Africa does not currently appear to be blessed with political leaders who are really equal to the job at hand. In any given month the independents still, in spite of the absence of restrictions and cessation of pressure, produce more exposes and revelations of the murky excesses of the past, and, to put it kindly, muddled thinking of the present, than all the mainstream media put together.

What is remarkable is that the mainstreamers than take up the cudgels and run with the story. But the independents have for years been, and continue to be, the investigators and initiators of such material. It is a truism that for a society to be stable it needs to be fully informed, and that any aberrant behaviour on the part of the body politic needs to be exposed, scrutinised and debated.

This job is still done very much by the independents: to cut these media off now would be a severe blow to establishing a just and honourable society in South Africa. The vote of thanks South Africa owes them for services rendered is considerable. There are still essential services to come that only these media can offer.

As previously stated, South Africa appears superficially to be a media-rich society. This is not the case. Closer examination reveals that the affluent white market is well served by a variety of typically western media, published in either English or Afrikaans. Given that less than half the country's population is literate in either of these languages, it is clear that large sections of the community are media-poor, or media-starved. For the 20 million non-English or -Afrikaans literate, there are two Zulu papers, *Ilanga* (a mouthpiece of and owned by the Inkatha Freedom Party), and *Umfundisi*. There is a small-circulation Xhosa paper, *Imvo*, a 250 000-circulation magazine, *Bona*, published in three ethnic languages - and that is that.

Possibly more important than the literacy problem is the whole question of editorial content and focus. Bluntly, most media, the mainstream media especially, are relatively upmarket and Eurocentric. This is not a criticism. It is the way they are, because that is the market they serve. But it is a problem.

There are many publications for the highly literate but only one hesitant magazine for those starting to acquire literacy. There are three weekly information-packed and erudite magazines and one daily newspaper for management. There are two struggling monthlies for labour. White aspirations and political beliefs are reflected everywhere. There are few media with an Afrocentric view; and the biggest amongst those that exist are still heavily manned by white or white-thinking journalists. Again, this is not a criticism. It is just that the media scene is unbalanced, which leads to frustration and anger among the masses who feel rightly that their viewpoint is nowhere reflected. The independents go some way to redressing this situation, though, because of their precarious financial situations and small circulations, their overall impact is fairly low.

This brings us to a key cleavage line in the philosophical approach to the independent media. There are those who argue that media diversity must be encouraged, that media must be provided to sectors of the community who are not currently catered for. This is to be done irrespective of the commercial realities of whether these media can be self-sustaining. One must be sympathetic to this viewpoint, and it is clearly and eloquently enunciated in the document on establishing an Independent Media Trust, supplied to us by the EEC.

However the harsh reality is that there is probably not enough money to go around. Also, harshly, there is a fine line between media diversity and self-indulgence. If a publication intended for the public at large, is not specialised or technical in nature, is only able to sell a few thousand copies in a population of millions, one must question whether the society really values the publication. This is not to say that the criterion for success is a circulation of hundreds of thousands. Far from it. But there must be a balance between encouraging and maintaining media diversity on the one hand, and public acceptance as signalled by a reasonable sales performance on the other. While there is no absolute magic number to distinguish the acceptably broad from the parochially narrow, the principle enunciated above is a crucial consideration to be born in mind when evaluating various media.

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At this stage we must state that we do not intend in this report to be drawn into the media diversity argument.

Our task and mandate is to evaluate various applications for funds to the EEC on the basis of their commercial soundness, the professionalism of their business plans, the medium's credibility and its potential for real self-reliance. In a nutshell, we are seeking to establish which media could become self-supporting within a realistic timeframe, and what resources they need to get there.

BUSINESS PLANS AND OTHER CONSIDERATIONS

A somewhat cynical quote from an ex-Chancellor of the British Exchequer (his position at the time of the quote), is probably instructive:

"For planning purposes, the precision of numbers often bears no relation to the facts!"

Dennis Healey

Business plans, and this is sadly true of the plans submitted for scrutiny, can be full of fine figures, sound and fury. But what do they really signify? As mentioned earlier one cannot realistically expect expert business plans from the independents. They do not have (and why should they, given their history?) the expertise.

One could of course construct an elaborate and "professional" framework for them. One could use a text like Michael Porter's competitive strategy as a base, and demand that they do rigorous analysis of the market, of their strengths and weaknesses and of their competitors; that they summarise their strategic objectives and prepare detailed marketing documents and cash flow analyses. Then one could be critically and professionally (and academically) "correct" in one's appraisal. But the independents can't do this. They don't have the skills or resources. One therefore has to adopt a more flexible and pragmatic framework for evaluating their requests. We list our much simplified and "unprofessional" criteria below.

1) VIABILITY

Does each medium serve an economically viable market? By this we mean two things: Are the readers able to afford the medium? Are the readers' characteristics such that advertisers will value them sufficiently as targets for advertising? Equally, are there enough potential advertisers to yield an adequate support base? Finally, does the medium have enough circulation to warrant its selection as an advertising medium?

If not, what should the circulation (based on our subjective assessment) be?

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FINAL THOUGHTS

We believe that the various Committees and Commissions could look at some redrafting to effect the following :

- 1) Recognise the threat that the established media pose to the new broadcasting entrants.
- 2) Recognise the commercial realities of the marketplace(s) in which the new media will have to operate.
- 3) Create a situation where freedom of choice will prevail for consumers, where several competing stations will be vying for their attention.
- 4) Limit the number of stations per area to a commercially realistic level.
- 5) Do not preclude local papers, but seek to legislate ways in which they can be encouraged to participate in a manner which accelerates the empowerment of many South Africans in a mutually profitable way.



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FROM: M M Coburn
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DATE: 12th July, 1993

SOME ADDITIONAL BACKGROUND

The thoughts expressed previously obviously are driven by self-interest. But they are driven by enlightened and experienced self-interest. For the past three years, one of our associated companies, the Newspaper Marketing Bureau



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