



Independent Communications Authority of South Africa
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1. PURPOSE

- 1.1 The purpose of this RFQ is to request quotations from prospective service providers that can conduct a consumer survey in South Africa for the purposes of determining the actual and potential competitive demand-side substitutability between subscription television broadcasting services and other similar services/products.

- 1.2 The consumer survey should:
 - 1.2.1 establish baseline television viewing patterns among television viewers in South Africa;
 - 1.2.2 identify the key factors that influence these patterns;
 - 1.2.3 determine the cross-price demand elasticities between alternative television broadcasting services/products;
 - 1.2.4 assess the key content sought from television viewing;
 - 1.2.5 identify the barriers to switching to alternative television broadcasting services/products;
 - 1.2.6 measure households' ability and willingness to switch television broadcasting services/products upon payment of a fee; and
 - 1.2.7 assist the Authority to understand consumer behaviour to perform a systematic assessment of the retail market of television subscription broadcasting services.

2. BACKGROUND

- 2.1 The Authority is mandated to promote competition in the ICT sector, including in the provision of television broadcasting services, through amongst others; putting in place pro-competitive measures as per the guiding principles in section 2 of the Electronic Communications Act No 36 of 2005 (ECA).
- 2.2 The Authority's regulatory mandate is to ensure that all communications and broadcasting service markets are open, competitive and sustainable.
- 2.3 Through the various consultative processes by the Authority, different stakeholders alluded that competition in various markets, including in particular the subscription television broadcasting services market is ineffective.¹
- 2.4 The Authority published a Discussion Document in terms of section 4B of the ICASA Act, read with section 67(4) of the ECA, for the purposes of an inquiry into subscription television broadcasting services in South Africa.

3. SPECIFICATIONS/TERMS OF REFERENCE

- 3.1 The service provider will build on already existing work done and assist the Authority in conducting the consumer survey for the purposes of the inquiry as envisaged in terms of section 4B of the ICASA Act and section 67 of the ECA.
- 3.2 In undertaking this work the service provider will be expected, among other things, to attend to the following activities:
 - 3.2.1 Identify various consumer segments based on socioeconomic backgrounds and their current television viewing habits;
 - 3.2.2 Identify the use of multiple television services/products (this includes public broadcasting services, free-to-air television broadcasting services,

¹ Review of the Broadcasting Regulatory Framework towards a digitally converged environment, published on 31 October under GG35842; Submissions to the draft Promotion of Diversity and Competition in the DTT regulations published under GG35998 of 14 December 2012.

subscription television broadcasting services and Over-the-Top (OTT) television services or new broadcasting services).

- 3.2.3 Identify the key factors that drive the use of multiple services/products and consumer preferences, specifically with regard to subscription television broadcasting services;
- 3.2.4 Identify the barriers that are currently preventing consumers from switching between alternative television broadcastings services (be it from subscription to OTT or from OTT to subscription, subscription to FTA or FTA to subscription, etc.);
- 3.2.5 Examine the influence of income levels and affordability and their implications on the consumption of alternative television broadcasting services; and
- 3.2.6 Calculate the cross-price elasticities between the different television broadcasting services.

4. THE MILESTONES FOR THIS PROJECT WILL INCLUDE:

4.1 Specific topics to be explored in the research which consist of a non-exhaustive list below, and the Authority would be interested in hearing from the potential service providers what additional information would be valuable to collect and/or analyse in order to meet the identified objectives:

4.1.1 Service/Product usage:

- Profile of different consumer behavioural patterns and prioritized drivers of choice, including price sensitivity and accessibility;
- Services/Products currently being used and/or purchased by the segment for television viewing;
- Identification of key content drivers within different consumer segments, such as time spent in sport, movies, on-demand etc.;
- Reasons for using and/or purchasing current household television broadcasting services/products, including likes/dislikes and aspirations to upgrade from current services/products;
- Reasons for not using and/or purchasing other types of television broadcasting services/products;

- Difference in practices across different urban settings including availability, accessibility, affordability and usage patterns of television viewing; and
- Awareness levels of alternative television viewing.

4.1.2 Price and consumer income:

- Cost of the currently used current household televisions broadcasting services/products;
- Understanding of service/product and quality amongst various customer segments;
- Perceived benefits of services/products, and how quality may or may not influence perceptions and purchasing decisions;
- Willingness to pay for alternative television broadcasting services/products; and
- Current consumer financing models used or other means of purchasing television broadcasting services/ products.

5. METHODOLOGY

- 5.1 The service provider should start with desktop research of all existing data, including studies conducted by the Authority, but should reach out directly to consumers and other additional stakeholders within the sector.
- 5.2 The service provider should also conduct primary research with consumers and stakeholders, which could include, but is not limited to: expert interviews, household surveys, focus groups, online survey.
- 5.3 All applicants submitting proposals should specify the methodologies they plan to use to gather the required information.
- 5.4 The consumer survey will be conducted at a national level as well as specific focus regions within urban areas where subscription broadcasting services/products are proliferated.

6. DELIVERABLES

- 6.1 In addition to producing the following deliverables by the dates to be agreed with the project manager, the service provider will be expected to have regular calls with the project team throughout the project work period:
- 6.1.1 Detailed project and work plan, including methodology;
 - 6.1.2 Preliminary findings and results in PowerPoint submitted for review; and
 - 6.1.3 Consumer Preference Study which includes:
 - 6.1.3.1 Interim report outlining segmentation hypothesis and segments to be targeted in primary research, sampling methods and questionnaires that will be used;
 - 6.1.3.2 Full consumer preference report with detailed data analysis and detailed profile of each of the target segments; and
 - 6.1.3.3 Executive Summary of the consumer preference study.

7. PERIOD OF ASSIGNMENT

All work is to be carried out in accordance with the time schedule as agreed with ICASA for a period of one (1) month with the option to renew for a further one (1) month.

8. BRIEFING SESSION

To be held at ICASA premises on the 14th of June 2018 at 10:00 am

9. BID EVALUATION

- 9.1 All bid proposals received will be evaluated in accordance with the 90/10 preferential procurement principle with a functionality criteria cut off point at 70 out of 100 points. Only bidders that scored 70 points and over for functionality will be further evaluated for price.

9.2 The scoring will be done between 1 and 5 for each criterion on functionality by the appointed Bid Evaluation Committee:

Score	Meaning
1	Poor
2	Average
3	Good
4	Very Good
5	Excellent

9.3 The following weights and criteria will be used to evaluate the received bids:

No	Category	Weight
A.	Functionality Criteria	
1.	Identification of factors to be considered that affect the competitiveness of broadcasting subscription services <ul style="list-style-type: none"> • Technological advancements in South Africa • Economic (demand-side and supply-side) and technical variables that affect the provision of broadcasting subscription services • Macro-economic factors that affect the provision of broadcasting services • Additional factors that may affect competition in providing these services 	70
2.	Project plan for the conducting of the project, in line with requirements of relevant legislation	10
3.	Identification of previous customers. Customer references for projects that have required identification and collection/analysis of industry-wide data would be beneficial	10
4	The experience and educational background of the personnel proposed to provide the service	10
Total	Functionality:	100

	<i>(Bidders with a total score of less than 70 points for functionality will not be considered further for price evaluation)</i>	
B.	Price	80
C.	BB-BEE Status	20

