ON DIGITAL MEDIA (PTY) LTD

RESPONSE TO

SUBSCRIPTION BROADCASTING SERVICES INQUIRY QUESTIONNAIRE 2023



Annexure A

Introduction

1. On Digital Media (Proprietary) Limited (**"ODM"**), welcomes the opportunity to submit written response to the questionnaire issued by the Independent Communications Authority of South Africa (**"ICASA"/" the Authority"**), as part of the intentions to conduct further consultation on the Inquiry into Subscription Broadcasting Services ("the Inquiry") in terms of section 4B of the Independent Communications Authority of South Africa Act, 2000 (Act No.13 of 2000).
2. We at ODM wish to premise our response to questions contained in Annexure A, which is a questionnaire for Broadcasters, OTT Providers, and other relevant Stakeholders.
3. We have endeavoured where possible in our response to the questions provided information relevant to this sector and our operations.
4. We however would up front wish to apologise and indicate that our submission does not provide information to all questions posed as we are currently attending to developing our strategy.
5. We look forward to the ensuing processes of the Authority and will appreciate to participate in the future oral hearings.

Sincerely;
Debbie Wu
Chief Executive Officer
StarSat TV

Contact Details of the Participant

We provide hereunder the details of both our Chief Executive Officer and our Channel Manager.

We accordingly provide their details:

1. Contact details – Chief Executive Officer

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2. Contact Details – Channel Manager

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Glossary of Terms

Audio-visual content	electronic media with or without sound and a visual component of moving images, such as, films or television programs, which in the case of an audiovisual media service, constitutes an individual item, irrespective of its length, within a programme schedule or a catalogue.
Video on Demand	Electronic audio-visual media wherein the user selects when to view the content
OTT	the delivery of audio-visual content to viewers over the Internet

1. Company Profile

1.1. Describe your company's ownership structure. If your company is a subsidiary, provide details of the parent company and its ownership structure.

Shareholders	**Total Number of shares in issue**	%
H International Company Limited		
BEE shareholder comprising of:		
D.L (South Africa) Pty Ltd		
M.D		
NE Fund Trust		
TIDCS Africa Limited		
A.N M		
Total Shareholding	**1,000,000**	**100%**

**Our shareholding structure is currently before the Authority for consideration.*

1.2. Provide a detailed explanation of your company's activities. Provide a comprehensive list and explanation of all your business activities.

We are a holder of a subscription broadcasting pay TV license as issued by the Authority (ICASA). Providing a subscription pay TV service in the South African broadcasting environment through a digital satellite-based platform.

2. Product market

2.1. Describe your company's entire value chain from content production/acquisition to customer billing etc.

2.2.1 Indicate your role in each stage of the value chain.

Our value chain is as follows:

1. The sale and installation of a set-top box that is capable of receiving and encrypted satellite signal of channels bouquets. A subscriber would buy the set-top box from a dealer or sales agency. Our preferred installers would then be assigned to install the set-top box and satellite dish at the subscriber's residence or property.

2. The second part of the process is the customer relations and call centre activities. This function is where the subscriber calls into the call centre and activates their set-top box to receive their chosen package and for various installation, technical and general billing enquiries.

3. The next stage of the process is the monthly billing of subscribers, where the customer is billed every month for the subscription services rendered. This billing is done via debit orders or various other collections mechanisms.

4. The content acquisition and bouquet composition stage includes the addition and maintenance of the content that is offered to the subscribers. The content department acquires content from various local and international content suppliers. The content department further does productions both internally and with outside producers.

5. The Network Monitoring room (NMR) team deals with the quality and continuity of the broadcasts of the various bouquets. The teams continually monitors the broadcasts and attends to downtimes occurrences.

6. The Regulatory and governance team relates to the compliance to licensing of the broadcaster and reporting to the various statutory bodies linked to broadcasting in the licensed area.
7. The administration and human relations functions.

2.2. Provide a full breakdown of the products and services that you provide and indicate whether they are provided at a wholesale or retail level.

We currently provide only subscription and after sales services at a retails level

2.3. Indicate the proportional contribution of each product or service mentioned above to your overall revenue.

The current proportional contribution is 100% subscription related.

2.4. Are there any exclusivity agreements with advertisers or sponsors? If yes, how do these agreements work?

2.4.1. Kindly provide copies of all agreements mentioned.

We are currently reviewing most of our contractual agreements and we are therefore not able to provide contracts per channels.

We have an international content purchaser who provides and acquires content on or as per a content acquisition agreement.

2.5. Apart from advertising and/or subscription fees does your company receive any other form of operational funds?

Given that our operations are being reviewed against the market conditions for sustainability. We do not receive funds save for shareholder contributions thus far.

2.6. How many packages and/or channels do you provide?

2.6.1. At what prices are the packages and/or channels provided?

2.6.2. Provide a list of the packages, dates of launch and corresponding prices for the period 2019 to date.

2.6.3. What is the rationale behind providing different packages at different prices? Please elaborate.

We currently offer three full bouquets on our platform:

Package	**Channels**	**Price**
Max	300+ of international & local channels	R549.00
Super	+/- 200 international & local channels	R329.00
Special	120+ International & local channels	R219.00

Our packages are informed by business offering and format for our target audiences in the LSM 6-9 categories. We however in our broadcast services cater for all members of the general public.

We also offer French and Chinese channels as add on offerings.

Package	Channels
Max	+/- <10%
Super	+/- 20%
Special	+/- 70%

In terms of our language offering our programmes across all channels are mainly in English and we also have others in local vernacular languages.

2.7. How do you determine pricing for your services?

Our current considerations for determination of pricing for our services are premised on the following:

1. Cost of acquisition of channel.
2. Competitive analysis.

2.8. Have you implemented any price increases for the period 2019 to date?

Given the category and/or target audiences we have endeavoured to keep our prices as affordable as possible.

In the period between 2019 to date we have indeed increased our prices across our packages as follows:

Package	Price (increased by)	Period
Max	R61	2020-2023
Super	R41	2020-2023
Special	R21	2020-2023

2.8.1. If so, provide a full breakdown of the reason(s) for each year were there was an increase.

Our price increases between the years 2020-2023 was due mainly to Value Added Tax purposes. However, further the operational costs over the yeasr have substantially increased and the cost of content and productions have also increased proportionately.

2.9. Have your lost or gained on the overall total number of subscribers/viewers for the period 2019 to date?

2.9.1 If so, please provide the main reasons for the loss or gain in subscribers/viewers over the period above. Please substantiate your answer with evidence.

Both the digital migration and the covid pandemic created some interesting dilemmas for the entertainment industry. In as much there has been an uptake on decoder acquisitions to avert the digital switch blackouts, many more customers were exposed to the streaming options which they gladly embraced. Thus the period has characterised by growth and decline creating a more or less flat growth pattern.

2.10. Do you provide subscribers/viewers with the ability to design their own packages? Please provide detailed reasons for your answer.

No, we only have static packages.

2.11. Describe your target market in terms of the following:

2.11.1. Viewers/subscribers; and Rural and lower urban township

Rural and lower urban township market in the LSM 3 -6 tier.

2.11.2. Advertising.

All brands targeting the LSM 3–6 market band.

2.12. Who do you consider to be your competitors in terms of the products and services that you provide? Provide reasons for the response.

Television has evolved beyond from being more a broadcast controlled medium to a customer controlled one. With the advancement of technology, customers now determine when and how to consume television. Consequently, competition has moved from just being a traditional outdoor based signal contest but now also includes new ways of content distribution such as internet based solutions. Competition has also moved beyond borderlines.

Thus Starsat's competition at the moment has broadened from just being that of broadcasters, DSTV, SABC, eTV, but also now includes streaming services such as Netflix, Disney +, Amazon, etc.

2.13. What are the main competitive dynamics in terms of the products and services you provide?

Both macro and micro factors have a strong influence in determining the establishment of competitive advantage in the current television landscape in South Africa and the world in general. The changing tastes and composition of the market due to its rapid social evolution and the myriad of options on disposal due to technological advancement has heightened the demand factor, making consumers much more sophisticated and selective in their viewing. They now can easily switch between providers easily and support those that align with their ever-changing tastes. The political/legal factors also bring in another element of serious consideration by their regulatory demands.

2.11.1 Do you view your service as competing with all types of audio-visual services?

Definitely for the reason stated next.

2.11.2 Or do you believe competition depends on the type of service, i.e., subscription tv, free-to-air, or OTT? Please provide a detailed answer with reasons and evidence where available.

As already alluded to, the competition has broadened beyond what it used to be, because all other audio-visual material competes for the same eyeballs. For example, DSTV has already lost almost its entire top tier market segment to streaming services. Furthermore, FTA market growth is no longer increasing at the rate it used to.

2.14. How do you differentiate your services from those of your competitors?

Our current approach towards differentiation of services is informed by: • Affordability • Accessibility • Convenience

2.15. Indicate the type of technology your customers use to access your services, i.e., set-top boxes, Internet, Digital TV, Analogue TV. Please provide the information for the period 2019 to date.

Currently our subscribers access our services as follows: • Decoders • Mobile App (in development) • Set-top boxes – we anticipate further growth of people using this platform.

2.15.1. If your customers utilise more than one type of technology to access your services, kindly indicate and provide the proportion between the different technologies for the period specified above.

Technology	**Proportion**
Decoder	87 000 subscribers
Internet	Currently none
Mobile	No users – App is still in development

2.16. Are the prices different depending on the type of platform or technology type (i.e., satellite, Internet, etc.) used by customers to access content?

Technology/Platform	Price
Decoder	Prices are dependent on the package choice (Max, Super or Special)
Internet	No subscribers
Mobile	No users – App is still in development

2.16.1. If so, please provide the main reasons for the price differences.

- Decoders – the price are informed by the costs of acquisition of this instrument and package choice as informed by the content acquired which in some instances include access to premium content.

- Internet and Mobile App– we currently do not have a dedicated access via this platform as we are currently developing same, We anticipate however that this platform price will be lower as it is dependent on the data package that is provided by other third parties. We currently investigating options of providing competitive pricing for our future using these two platforms.

2.16.2. Do the different sets of customers (streaming-only, set-top box, free to air etc) customers get the same number of package and/or channel choices? If not, please provide reasons.

In terms of our current model, we offer access to our content using only one platform which is through decoders. We anticipate in the future to cater for our

target audiences through various other platforms which we intend to provide competitive pricing on.

2.17. What proportion of your subscribers/viewers watch linear live TV as compared to video on demand? Provide a breakdown for both set-top box viewers and streaming-only subscribers/viewers.

Subscribers	**VOD**	**Streaming**
0		Currently no subscribers using this platform which in development

2.18. For services provided through the Internet: What is the recommended speed and quality of broadband services to ensure uninterrupted viewing for both linear live TV and VOD content?

We currently do not offer our services using streaming platform. We will in the future provide our views regarding this segment.

2.19. Provide a description of the various categories of content provided on your service.

Category
GE
Religion
Music
Kids
Movies
News
Sport
Documentary

2.20. **Do different content providers charge the same fee for the same category of content? i.e., would EPL rights cost the same as La Liga rights? Please elaborate.**

Definitely not, as the pricing is dependent on the value placed on the property and its potential profitability.

2.20.1. If not, provide reasons for the differences in prices for similar content from different content providers.

The value of the properties differ according to the brand reputation.

2.21. **How is the value/cost of content determined by your company? i.e., why is certain content found in more expensive packages than others?**

The value is driven by the pedigree and the potential of the property in drawing viewership.

2.22. **Does possible advertising revenue determine your choice of content? Please elaborate.**

Not Applicable as we are not currently selling any advertising.

2.22.1. Provide information on other possible drivers of advertising revenue, if any.

N/A

2.23. **Of the overall content provided to your subscribers/viewers for the period 2019 to date, indicate what proportion is made up of:**

2.23.1. Own local production; estimated to be less than 1%

2.23.2. Commissioned local content; estimated to be less than 1%

2.23.3. Third-party content on a non-exclusive contract local; estimated 7% according to 5 local community stations plus

5 FTA third party channels ration to overall maximum number of channels on our bouquets.

2.23.4. Third-party content on non-exclusive contracts international; It will be the inverse of the above, that is estimated 93%.

2.23.5. Third-party exclusive contracts. Please submit copies of exclusive contracts where applicable. N/A

2.24. **Provide your total content spend for the period 2019 to date, broken-down as follows:**

2.24.1. Per category of content;

2.24.2. Local content; and

2.24.3. International content.

2.25. **Provide your total content budget for the period 2024 to 2028, broken down as follows:**

2.25.1. Per category of content;

Category	**Budget**
GE	**$257 927.28**
Music	**$206 772.00**
Religion	**$53 019.05**

2.25.2. Local content; and **$353 996.99**

2.25.3. International content **$167721.84**

2.26. Do you purchase any packaged channels from any international/ local wholesale players? Please provide details.

Yes, of over 300 channels we have, 4 are in-house local channels, 5 local community stations, 5 local FTA, 15 Startimes HQ channels and the remaining third-party international channels.

2.27. What do you consider to be premium content?

2.28. It's content with a huge present and potential viewership.

2.29. Do you offer premium content? If so, how? Yes, through third party channels and also own acquisitions, e.g. Bundesliga.

2.24.1 If not, provide reasons for not offering premium content.

2.30. Do you buy any content from other broadcasters (local or international) and or OTTs? Elaborate and provide supporting documentation on any agreements or arrangements, if any.

Not really but we on-board third party channels.

2.30.1. Kindly provide copies of any agreements mentioned.

2.31. How have the prices you pay for rights to key content assets increased (sports, movies, high-quality TV drama etc) for the period 2019 to the date?

We handle about 25%

2.32. Do you on-sell content to any broadcaster or OTT streaming and VOD Platforms?

Not at the moment

2.33. How do you acquire content? Are there exclusive content agreements in place?

The company is financially challenged to meet all its demands, we rely on one of the shareholder acquires international content then distributes to us. We are managing and acquiring content for 4 local played out self-owned channels.

2.34. Do you distribute your content through multiple platforms, such as traditional broadcasting, streaming, or social media? Traditional broadcast and streaming

This is still under development

2.35. How do you adapt to technological advancements and changes in consumer behaviour, such as streaming services?

Developing a streaming services, such as Startimes On and also innovating programme packaging such as dubbing of international content onto local language.

2.36. Are there any technological barriers that could limit competition or consumer choice?

As a business we have faced significant barriers, that require strategic planning, substantial investments and differentiation strategies. It reduces competition, restricts consumer choice and stifles innovation. Please find an indication of the barriers we have faced below:

High Infrastructure Costs: Launching a subscription television service, whether traditional or OTT, requires significant investment in infrastructure like satellites, cable networks, or servers. This creates a high barrier to entry for new players, limiting competition and favouring established incumbents.

Content Acquisition and Distribution: The legal and regulatory frameworks to secure rights to popular content is expensive and complex and time consuming due to regional licensing agreements, copyright laws and content restrictions. This is especially true for premium sports and original programming. This puts smaller players at a disadvantage as they do not have the financial muscle to acquire exclusive content deals.

Distribution Gatekeepers: Traditional pay-TV relies on cable and satellite operators who act as gatekeepers, controlling access to a significant portion of viewers. These operators prioritise their own channels or services over those of competitors, which limits consumer choice.

Technological Standards and Interoperability: Fragmentation in technological standards and lack of interoperability between platforms furthermore create hurdles for new entrants. Consumers may be

locked into specific ecosystems due to incompatible devices or content formats, limiting their choice and flexibility.

Security Concerns: Protecting content from piracy and unauthorized access is a significant concern for subscription broadcasters in South Africa. Implementing robust digital rights management (DRM) systems, encryption techniques, and anti-piracy measures is essential to safeguarding intellectual property and ensuring a secure viewing experience for subscribers.

3. Market Share, Audience And Revenue

3.1. Can you provide an overview of the audience reach and demographics for the services that you provide?

The Company's audience reach in terms of satellite coverage is sub-Saharan and as such the South African audience reach is in totality the entire Republic. Our target audience and demographic is generally the 1-6 LSM

3.2. Provide your estimated market share for the period 2019 to 2023? Please provide the market share estimate based on:

3.2.1. Subscriber/viewer numbers; and

3.2.2. Annual turnover

Number of Viewers (Free To Air TV)/Listeners (RADIO)/Subscribers(Pay TV)			
2022	2022	2022	2023
108009	105887	111514	109906

3.3. Provide your annual subscriber/viewer numbers from 2019 to 2022/23 financial year, broken down by packages. Provide a copy of supporting documentation for detailed numbers.

3.4. What has been your operating profit margin for the period 2019 to date?

4. General

4.1. Do you consider the markets in which you operate to be competitive? If so, provide reasons for your response.

The incumbent subscription television provider in South Africa holds a significant market share, estimated at over 80% for pay-TV subscriptions. This dominance gives them leverage in negotiating content rights, setting prices, and influencing consumer choices. Ultimately, the quality and diversity of content offered by different providers will be a key factor in attracting and retaining subscribers.

Their competitors have fought an uphill battle to attain programming rights in South Africa, as they locked down premium content rights from several studios, leading to slim pickings on broadcast content. Additionally, limited broadband infrastructure and low penetration of fixed broadband in South Africa pose challenges for newcomers in adapting strategies to the changing media landscape, particularly in the face of the growing influence of OTT services

4.1.1. If not, what are some of the impediments to competition in this market? Please provide a copy of any competition research conducted in this market for the period 2019 to date.

As stated above the competition is mainly from international players and one or three local, but mainly one. The main impediments is the access to premium content for aspiring new entrants which has been locked mostly in South Africa and Africa by DSTV especially sports.

4.2. What barriers to entry do you envisage new entrants would encounter when entering the market? Describe the type of barrier, including but not limited to:

4.2.1. Legal/regulatory.

Obtaining broadcasting licenses from ICASA is a lengthy and bureaucratic process. Furthermore, there are onerous local ownership and local content compliance requirements that add to costs and administrative burdens. Furthermore, negotiating channel sharing and wholesale access is legally challenging. It is submitted that fairer competition and streamlined regulations would benefit the entire market.

4.2.2 Cost of capital and Sunk Costs.

The high cost of capital and sunk costs increases the risk associated with entering into the subscription broadcasting market. The prospect of investing significant financial resources in a venture with uncertain outcomes dissuades potential entrants and limits competition in the market.

Cost of Capital:

- *High capital requirements:* Launching a subscription broadcasting service, requires substantial upfront investment in infrastructure (i.e. satellites, cables, servers) content acquisition, marketing, and licensing.
- *Limited access to funding:* New entrants may struggle to access affordable funding sources, particularly compared to established players like Multichoice with secure credit lines and existing investor networks.
- *Higher risk profiles:* Investors perceive new entrants as riskier investments due to uncertainties in subscriber acquisition, profitability, and competition. This leads to

higher interest rates and stricter loan terms, further increasing capital costs.

- Established players furthermore benefit from economies of scale, which allow them to spread their fixed costs over a larger subscriber base. This results in lower average costs per subscriber. As a result smaller or new players struggle to compete effectively on price or to offer

Sunk Costs:

- *Infrastructure investments:* The development of technology and infrastructure deployment are high risk sunk costs as significant resources are invested without a guarantee of success or market acceptance. Once built, infrastructure like cable networks or satellite systems represent sunk costs that cannot be easily recovered if the business fails.
- *Content:* Content production as well as exclusive content rights deals typically involve upfront payments and long-term commitments, creating sunk costs that become burdens if subscriber acquisition falls short of expectations.
- *Marketing and branding:* Building brand awareness and customer acquisition requires sustained marketing investments, which represent sunk costs even if the strategy initially fails to attract a significant subscriber base.

4.2.3 Customer behaviour

Customer behaviour directly influences demand, preferences, and loyalty in the subscription broadcasting market. It creates barriers to entry into the subscription broadcasting market by:

- *Brand loyalty* – established players have built strong brand recognition and subscribers may be reluctant to switch due to familiarity with the existing service, trust in the brand and perceived value for money.

- *Limited awareness* – new entrants struggle to gain initial customer awareness and visibility to compete with established players with well-established marketing and distribution channels.
- *Budget constraints and switching costs* – customers may expect to incur switching costs such as contract cancellation costs, new equipment, reconfiguration of settings and relearning user interfaces. South African consumers are price-sensitive due to economic considerations.
- *Content preferences* – subscribers are attracted to providers that offer a diverse range of high-quality content and existing players often have extensive content libraries and exclusive rights to sought-after content.
- *Subscription fatigue* – subscription services are available across various industries such as music platforms, news platforms, streaming services and more. Therefore, entering into the subscription broadcasting market requires vying for consumers' discretionary spending across a wide range of offerings.
- *User experience and convenience* - established players are able to use their experience to invest heavily in technology and user interface designs to meet customer expectations of seamless streaming, intuitive interfaces and personalised recommendations, which makes it difficult for newer entrants to match their level of sophistication and convenience.
- *Piracy prevalence* – In South Africa high piracy rates can act as a barrier, as some viewers opt for free illegal access instead of paid subscription, which impacts potential subscriber bases for new entrants.

4.2.4. Access to content:

- *Premium content is expensive:* Securing rights to popular movies, TV shows, and sports broadcasts requires significant upfront payments and potentially long-term commitments. This creates a major financial hurdle for new entrants and smaller players compared to established players with larger budgets.

- *Competition for rights:* Bidding wars for exclusive content rights drive up prices, further disadvantaging new entrants and smaller players with limited financial resources.
- *Local content challenges:* Producing high-quality local content can be expensive and time-consuming, and new entrants struggle to compete with established players already invested in local production.

Control of distribution channels:

- *Established players gatekeep content:* Dominant providers restrict access to their content distribution channels (e.g., cable networks) for competing services, limiting reach and visibility for new entrants and smaller players.
- *Bundling and exclusivity deals:* Established players bundle popular content with their own services, making it difficult for new entrants and smaller players to offer comparable packages without significant investment.
- *Platform integration challenges:* Integrating content across different platforms and devices can be complex and expensive, creating another hurdle for new entrants.

Content diversity markets:

- *Limited access to diverse content:* New entrants struggle to acquire diverse content libraries spanning different genres and languages, making it difficult to cater to various audience preferences.
- *Niche markets are less attractive:* Focusing on niche markets with specific content needs might have a smaller potential subscriber base, making it less appealing for large content owners to offer rights.

- *Challenges in acquiring local content:* New entrants face difficulties navigating regulations and distribution channels for local content, limiting their ability to offer unique local programming.

Impact on entry and competition:

- *Limited content offerings:* New entrants with restricted access to premium content struggle to attract subscribers accustomed to diverse libraries offered by established players.
- *Higher subscription costs*: To recoup content acquisition costs, new entrants and smaller players have to charge higher subscription fees, potentially losing price-sensitive customers.
- *Reduced innovation and choice:* Limited access to content stifles innovation in service offerings and content curation, hindering overall market diversity and consumer choice.

4.2.4. Economies of scale or scope:

Established players with a larger subscriber bases are able to negotiate lower content acquisition costs due to bulk purchasing power. This translates to lower per-unit costs for content, giving them a pricing advantage over new entrants and smaller players with smaller subscriber bases. Established players have also already invested in expensive infrastructure like satellites, cable networks, and servers whilst new entrants need to make similar investments upfront, creating a high barrier to entry. In addition, they have established marketing and distribution channels, allowing them to reach a wider audience at lower costs compared to new entrants needing to build their own networks.

In terms of economies of scope:

- *Bundled offerings:* Established players often bundle their subscription services with other offerings like internet access or mobile phone plans, attracting customers with convenience and

potentially lower overall costs. New entrants struggling to compete on price alone might lack such bundled options.

- *Shared resources:* Established players can leverage their existing infrastructure and resources (e.g. studios, production teams) across different services, reducing per-unit costs and increasing overall efficiency. New entrants lack such economies of scope, making it difficult to compete across multiple areas.
- *Data insights and targeting:* Established players with larger subscriber bases can collect and analyse user data more effectively, enabling them to personalise offerings and target marketing campaigns more efficiently, potentially attracting more subscribers compared to new entrants with limited data sets.

Network Effects:

- *Value increases with subscriber base:* The value of a subscription service often increases with its subscriber base. This creates a "winner-takes-all" dynamic, where established players with larger audiences attract even more subscribers due to factors like wider content libraries, better recommendations, and social network effects.
- *Difficult to break in:* New entrants with smaller user bases struggle to attract subscribers, creating a self-reinforcing cycle favouring established players.

In addition to network effects, other market dynamics that create barriers to entry into the market has been discussed already such as switching costs, brand recognition and trust, technological innovation, regulatory hurdles, content acquisition costs, economies of scale and scope and consumer expectations. The significant growth of OTT is additionally an important consideration. The impact of over-the-top (OTT) streaming services on subscription broadcasting services in South Africa, especially considering broadband restrictions, presents a nuanced picture. Overall, while broadband restrictions can present

challenges for OTT streaming services in South Africa, they do not necessarily negate the impact of OTT on the subscription broadcasting market. OTT platforms have the potential to overcome these limitations through targeted content offerings, pricing strategies, technological innovations, and partnerships with local stakeholders.

As broadband infrastructure improves and data costs become more affordable, the influence of OTT on the subscription broadcasting market is likely to continue growing, albeit at a varying pace across different regions and demographics.

4.3. Kindly provide you experience in growing your subscriber/viewer numbers over the period 2019 to date. In your response please fully describe any strategies deployed and their success rate.

The pay-TV market as alluded elsewhere in our submission is a dynamic industry with rapid growth of other platforms such as streaming and easy access of content from overseas sometimes through illegal platforms.

We have as a result thereof acquire subscribers as we also lose some. Other major factors also are the macro-economic issues such the high level of unemployment, the majority of the population being youth and the devastating effects of COVID 19 to date.

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Despite the above challenges amongst other we noted for the period 2019 t0 2023, growth of over 30% in viewership, however we also lost over 20% of activated subscribers.

Our strategy is that of engaging with local communities, empowering the youth to tell local stories, creating the much-needed employment, and developing social values while driving commercial value of for the brand.

4.4. Does your company have any concerns or comments regarding the overall market? Give a detailed explanation of your concerns/comments.

The pandemic has accelerated the digital transformation of the broadcasting industry in South Africa. Broadcasters and content providers have invested in digital infrastructure, content delivery platforms, and online distribution channels to adapt to changing consumer preferences and behaviour. This shift towards digitalization is expected to continue in this post-pandemic era, with broadcasters increasingly leveraging technology to reach audiences and monetise their content.

- *Lockdown Effect:* Increased time spent at home led to a surge in demand for home entertainment, boosting subscriptions to OTT platforms like Netflix, Showmax, and DStv Now.
- *Affordability:* OTT services are often perceived as more affordable than traditional pay-TV, especially for budget-conscious consumers.
- *Flexibility:* OTT offers on-demand content and device flexibility, appealing to younger demographics and cord-cutters.
- *Content Boom:* Increased investment in original content by global and local OTT players further attracted viewers.

OTT players have several advantages over traditional subscription broadcasters, including global reach, on-demand viewing, diverse content libraries, personalization, cross-platform accessibility, innovative business models, and direct relationships with subscribers. These benefits have positioned OTT platforms as formidable competitors in the entertainment industry, driving innovation, disruption, and growth in the market. Moreover, they are not subject to similar regulations to subscription broadcasters regarding content, advertising, data collection, competition law nor do they contribute their fair share of taxes and licence fees.

5. Internal Document request

5.1. Kindly provide internally and externally produced strategic documents, including board and company minutes where your provision of broadcasting, streaming, VOD, or any other audio-visual services was discussed or researched for the period 2019 to date. This includes, but not limited to:

5.1.1. customer surveys;

5.1.2. marketing surveys;

5.1.3. growth strategies reports;

5.1.4. content strategies;

5.1.5. pricing strategies;

5.1.6. competitor and/or competition analysis.

5.1.7. customer complaints; and

5.1.8. short to medium business strategy.

5.2. Submit copies of audience research conducted prior to price increases or launching new services.

THANK YOU