

VAMNA MEDIA AND PRODUCTION (Pty) Ltd.

DIGITAL SOUND BROADCASTING

presented by

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VAMNA MEDIA AND PRODUCTION

- ▶ Vamna thanks the Authority for the invitation for comments towards the introduction of DSB in South Africa and sees this as an opportunity to apply for a radio licence or licences.
- ▶ Vamna Media and Production is a media and production start-up company that has developed about 10 audio formats that have not been exploited in the SA radio industry.
- ▶ The channels are intended to be multi-media with broadcast content that is mainly audio but also text and video. The channels are ideal for digital radio.

THE PREAMBLE

- ▶ The right to receive information is guaranteed in the South African Constitution of 1996.
- ▶ The Broadcasting Act, no. 4 of 1999 further dictates that South African expression should be developed through the provision of a wide range of programming that refers to South African opinions, ideas, values and artistic creativity by displaying South African talent in radio and television programming.
- ▶ The Act directs that radio frequencies are public property and they should be used for public value.
- ▶ At the core of the right to expression and receiving information is the economic benefit for by previously disadvantaged individuals in owning the mass media companies.

CURRENT SOUTH AFRICA RADIO INDUSTRY

- ▶ Currently the majority of South African radio stations are not niche formats, they are broad formats. Only a few like Classic FM are anything close to niche.
- ▶ The South Africa radio industry is therefore not yet a mature industry.
- ▶ There is therefore a need, for the public good, for more and different voices and ideas to be broadcast over the airwaves.
- ▶ From an economic perspective there is also a need for different players to benefit from the market.
- ▶ Compared to other markets, the South Africa radio industry is dominated by the Public Service Broadcaster at about 71% audience share, compared to the Australia industry where ratio is approximately 20% public and 80% commercial.

KEY LEARNINGS FROM OTHER COUNTRIES

- ▶ The Australian industry conducted numerous market research initiatives to ascertain the needs of the audiences. They found that audiences wanted more and different content.
- ▶ New formats drove the take up of the digital receivers.
- ▶ Superior digital quality alone does not guarantee the uptake of receivers when people can listen to that content on the legacy platforms.
- ▶ No markets have shrunk because of the introduction of digital radio in the countries where it has been introduced.

The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. These shapes are primarily located on the right side of the image, creating a modern, layered effect. The rest of the background is a solid, very light green.

ADDITION TO THE PREVIOUS WRITTEN SUBMISSION

KEY LEARNINGS FROM OTHER COUNTRIES:

Industry Analysis

- ▶ Companies in US markets use the Herfindahl-Hirschman Index - HHI as a strategic planning tool to determine the intensity of rivalry in an industry.
- ▶ US regulators also use the HHI to grant or block mergers and acquisitions.
- ▶ The formula is a sum of the squares of the top 4 leading companies.
- ▶ US regulators consider scores above 1800 to be concentrated and scores below 1000 to be unconcentrated. The ideal score for an industry should be 1000 and below.

HHI CONCENTRATION ANALYSIS

Audience Share

- ▶ Using HHI the South Africa radio market was as follows according to 2017 BRC RAM Oct' 2016 – March 2017:
 - ▶ Company A was 71.3% squared to: 5083.69
 - ▶ Company B was 8.3% squared to: 68.89
 - ▶ Company C was 2.8% squared to: 7.84
 - ▶ **TOTAL:** **5160.42**
- ▶ According HHI the SA Radio industry is extremely concentrated.

HHI CONCENTRATION ANALYSIS

Revenue Share

- ▶ Using HHI the South Africa radio market was as follows in 2014:
 - ▶ Company A was 31.3% squared to: 979.69
 - ▶ Company B was 30.4% squared to: 924.16
 - ▶ Company C was 18% squared to: 324
 - ▶ **TOTAL:** **2227.85**
- ▶ According HHI the SA Radio industry is concentrated.

CONCLUSION

- ▶ Vamna Media implores the Authority to:
 - ▶ Open up the SA Radio market by introducing new players from the very onset and to facilitate a less concentrated market where there are few enterprises that have power over the industry.
 - ▶ Ensure value for the public by licencing new and different players who will introduce new formats and content.
 - ▶ Licence national licences to those commercial players who seek such licences.
 - ▶ Grow the industry with different players with niche formats for the benefit and choice for advertisers to target specific audiences.
 - ▶ Grow the radio industry so that the industry can absorb the current and future skilled workforce.

The background features abstract, overlapping green geometric shapes, primarily triangles and polygons, in various shades of green, creating a modern and dynamic design. The shapes are concentrated on the right side of the image, with some extending towards the left.

THANK YOU