# ANNEXURE A – QUESTIONNAIRE FOR BROADCASTERS, OTT PROVIDERS, AND OTHER RELEVANT STAKEHOLDERS

## Contact Details of the Participant

Please complete the table below. Where there is more than one contact person, please include the full details of the additional contact person/s in the format provided below.

| | |
|---|---|
| First Name | Philippa |
| Last Name | Rafferty |
| Title | Group Executive Legal and Regulatory |
| Organisation | eMedia Investments |
| Department | Executive / Legal |
| Address Line 1 | 4 Albury Road |
| Address Line 2 | Dunkeld West |
| Address Line 3 | |
| Postal Code | 2196 |
| City | Johannesburg |
| Telephone (Switchboard) | |
| Telephone (Direct Line) | 0115309471 |
| Mobile | Confidential |
| Email | Philippa.rafferty@etv.co.za |

## 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.**

We attach marked **"A"**, an organogram depicting the eMedia group structure including details of each subsidiary and a short description of the activities of each subsidiary but only as is relevant to the current questionnaire.

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

We attach marked "**B**", an extract from eMedia Holdings Limited's 2023 Integrated Annual Report ("IAB"), which provides a description of eMedia's business.

In addition to the activities set out in our IAB, in March 2023 eMedia commenced operation of a subscription television broadcasting service called, Ultraview which is available to anyone who has an Openview decoder.

**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.**

eMedia, through its subsidiaries, operates as a content aggregator/channel producer packaging several entertainment channels including e.tv, eExtra, eToonz, eMovies, eMovies Extra, eReality, ePlesier and eXposed.

eMedia, through its subsidiaries (hereinafter collectively referred to as eMedia), operate a commercial a free-to-air (FTA) broadcaster, broadcasting (the e.tv channel by way of analogue terrestrial signal (soon to be replaced by digital terrestrial transmission ("DTT") and the Openview bouquet of channels by way of DTH. Content is aggregated/acquired/licensed and produced for such channels.

The e.tv channel contains local and international content watched by viewers. Advertising slots and sponsorship opportunities are sold to advertisers which contributes to revenue.

eMedia provides the Openview bouquet of channels by way of satellite. eMedia is involved in arranging for production and distribution of Openview decoders. Viewers must buy an Openview decoder and pay for the installation of a satellite dish. The sale of Openview decoders creates revenue. Further revenue is generated through selling advertising on the channels. The majority of the Openview channels may be viewed without the payment of fees.

eMedia has recently launched Ultraview, a paid extension to Openview- in addition to Openview's free service and channels. Individuals can now access a pay-TV option for a monthly fee. Content is aggregated/acquired/licensed and produced for such channels. For a monthly fee, users can access either the Spice Bouquet (consisting of Star Select and Zee Family channels) or the eDGE bouquet (consisting of OUTtv and FUSE channels). eMedia gains revenue with such monthly fees.

eVOD is a Video on Demand service providing viewers access to shows, movies and other content of a local and international nature. Users can download eVOD on the Apple App Store or the Google Play store. eVOD earns revenue by selling advertising and sponsorship. Content contained on eVOD is aggregated/acquired/licensed and produced for eVOD. eVOD viewers view content for free. Certain content is only available to subscribers who pay a monthly fee to access such content.

**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.**

At a retail level, eMedia provides both channels and platforms for customers to access content (including e.tv, eExtra, eToonz, eMovies, eMovies Extra, eReality, ePlesier and eXposed).

eMedia has recently launched Ultraview. For a monthly fee, users can access either the Spice Bouquet (consisting of Star Select and Zee Family channels) or the eDGE bouquet (consisting of OUTtv and FUSE channels).

eVOD is a VOD service providing viewers access to shows, movies and other content of a local and international nature. eVOD viewers may view certain content for free. Certain content is only available to subscribers who pay a monthly fee to access such premium/exclusive content.

At a wholesale level, eMedia is a channel provider and content producer. In this regard, eNCA is a 24 hour news channel produced by eNCA and provided to MultiChoice for exclusive broadcast on its bouquet of channels.

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

We attach to the confidential application as annexure **"C"** a spreadsheet setting out the proportional contributions of the relevant products (e.tv, eVOD, Platco, Ultraview)- "Copy of revenue breakdown 2023".

**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.**

No. We do not enter into exclusive agreements with advertisers or sponsors.

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

Our e.tv branded channels are all free to air and rely exclusively on advertising and sponsorship revenue. Other than the sale of Set Top Boxes, Openview relies on advertising revenue.

The eNCA channel is provided to MultiChoice in terms of an agreement with it.

No advertising has been sold on Ultraview due to it limited viewership.

**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.**

This question is not relevant to free to air broadcasters as all such channels are available for free and are not split into packages.

This also applies to the Openview channels. Anyone who purchases the equipment to be in a position to watch Openview receives all the channels broadcast on Openview.

We list all e.tv owned channels below.

| eOwned / Curated Channel(s) | Description |
|---|---|
| e.tv | General FTA |
| eExtra | Entertainment |
| eMovies | Movie |
| eMovies Extra | Movie |
| eReality | Reality |
| eXposed | Entertainment |
| ePlesier | Pop up channel in Afrikaans |
| eToonz | Children |
| PowerUp | Loadshedding catch up channel |

With respect to Ultraview, there are only 2 (two) packages available-

- the Spice Bouquet (consisting of Star Select and Zee Family channels) was launched on 5 April 2023; and
- the eDGE bouquet (consisting of OUTtv and FUSE channels) was launched on 6 March 2023.

Both packages have remained the same price.

**2.7. How do you determine pricing for your services?**

This question is not relevant to free to air broadcasters as all our channels are available for free.

For UltraView, the SPICE Bouquet is R119.99 per month, and the EDGE Bouquet is R74.99 per month. The prices were based on the cost of content acquisitions.

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

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

Not applicable to free-to-air. There have been no price increases for Ultra View.

**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.**

We attach to the confidential application as annexure "**D**" a copy of the OpenView activations to date, and attach to confidential application as annexure "**E**" a copy of the UltraView User Stats.

While Openview viewers have increased, it is important to put that increase into context. MultiChoice's dominant position in the satellite television market arose as a consequence of the fact that MultiChoice was the only entity that was entitled to operate a satellite subscription television service in South Africa for more than two decades.

By 31 March 2013, when eMedia launched the Openview platform, MultiChoice had already captured 6 739 000 subscribers as a result of its monopolistic first-mover advantage. It had operated without a licence (having been gifted the ability to do so by the apartheid government) until 2007 when, during the process in terms of which applications could be made in terms of a beauty contest for new subscription broadcasting licences, MultiChoice was, in effect, gifted its licence.

The magnitude of this advantage can be illustrated by the fact that Openview's most recent activation numbers are now in excess of 3.1 million boxes in the country. Openview has, accordingly, in the more than ten years that it has been competing with MultiChoice, managed to attract less than half of the numbers that MultiChoice had captured in 2013 as a result of its monopolistic position (which arose from exclusivity granted to it by the state). MultiChoice has in the intervening period grown its subscriber base by a further 50% and currently has 8.629 million subscribers and is likely to benefit further from the mandatory transition from analogue signal to digital broadcasting which is taking place in December 2024.

Accordingly, it should be noted that while Openview is growing that growth has been off a small base and it has taken over 10 years for eMedia to achieve less than half of the first mover advantage that Multichoice gained through its historical monopoly position.

In contrast to Openview, the launch of our pay-tv offering Ultraview has failed to gain traction in the market almost a year after its launch. We will attach to the confidential application as annexure "**E"**, the Ultraview subscriber numbers.

MultiChoice built up a virtual monopoly position and an entrenched position in the subscription broadcasting and satellite television market as a direct consequence of the fact that it faced no competition for such an extended period of time. Its dominance did not arise as a result simply of its business acumen but was also predicated on the fact that it faced virtually no competition in the initial stages of its existence having been gifted the ability to launch its service in circumstances where no other party was given permission to do so. For this reason, we again implore the Authority to make a final decision in this Inquiry without further delay. Reference should be made to the submissions to which these answers are attached.

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

Not applicable to free-to-air broadcasters. Due to the high costs of channels and limited size of Ultraview viewership, this is not currently a feasible option.

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

**2.11.1. Viewers/subscribers; and**

**2.11.2. Advertising.**

As a free to air broadcaster we aim to appeal to as broad a group as possible.

Ultraview targets two niche audiences. The SPICE bouquet provides two Indian content channels. The EDGE Bouquet targets LGBTQI viewers with two channels.

We do not target any specific advertiser or sponsor.

**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.**

We would consider Multichoice and SABC to be our main competitors. Both broadcasters operate at all levels of the broadcasting value chain. They both sell advertising and sponsorship.

In its early years, DStv was an expensive proposition, compared to the cost of the TV licence required to view SABC and e.tv. It was aimed at the high LSM groups in South Africa. In recent years, however, DStv has introduced a "tiering" system, with a variety of channel bouquets that are intended to appeal to, and priced to be affordable for, viewers in all LSM groups. The DStv packages available on satellite currently are tabulated below:

| Package | Price | Number of channels |
|---|---|---|
| **Premium** | R879 | 135+ channels |
| **Compact plus** | R579 | 115+ channels |
| **Compact** | R449 | 100+ channels |
| **Family** | R319 | 75+ channels |
| **Access** | R129 | 66+ channels |
| **Easyview** | R29 | 30+ channels |

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

On the basis that the products and services provided are channels which are broadcast, the main competitive dynamic is the ability to attract advertising and sponsorship. This is at least in part, determined by "eyeballs" and the target market for a particular channel/s.

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

**2.11.1 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.**

See confidential response attached to the application for confidentiality.

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

eMedia is clearly differentiated from pay television as its channels are available for free. But, more importantly, given the substantial income derived from its subscribers together with it having a large share of the advertising pie, DStv is able to outbid and outmuscle all the FTA channels in the eMedia group in its ability to purchase exclusive sports rights as well as exclusive first run movie rights.

**2.16. 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.**

**2.16.1. 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.**

Our free to air channels are available on a variety of distribution platforms. We set out in the table below the various eMedia channels and the platform/technology on which each is broadcast:

(*e.tv and eExtra are only streamed on OTT (eVOD) during times of loadshedding from 5pm-10pm (prime time))

To access Openview and Ultraview, it is necessary to purchase a set-top-box and a satellite dish.

To access the free-to-air channels on DTT, it is necessary to purchase a set-top-box and dish. For the indigent earning less than R3500 per month, this is theoretically meant to be installed at no charge.

| CHANNEL | ANALOG | DTT | DTH (DSTV) | DTH (STAR SAT) | DTH (OPENVIEW) | OTT (EVOD) |
|---|---|---|---|---|---|---|
| **e.tv** | YES | YES | YES | YES | YES | YES* |
| **eExtra** | NO | YES | YES | YES | YES | YES* |
| **eMovies** | NO | YES | YES | NO | YES | NO |
| **eMovies Extra** | NO | NO | YES | NO | YES | NO |
| **eReality** | NO | NO | NO | NO | YES | NO |
| **eXposed** | NO | NO | NO | NO | YES | NO |
| **eToonz** | NO | YES | YES | NO | YES | NO |
| **ePlesier (pop-up channel)** | NO | NO | NO | NO | YES | NO |
| **Ultraview (Spice)** | NO | NO | NO | NO | YES | NO |
| **Ultraview (Edge)** | NO | NO | NO | NO | YES | NO |

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

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

**2.17.2. 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.**

Not applicable as our channels are available on free-to-air. The only exception is where our channels are available on DStv and StarSat which requires the payment of a subscription for access to the platform. eMedia does not share any revenue from subscriptions for access to our channels.

**2.18. 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.**

See confidential answer to this question attached to application for confidentiality.

**2.19. 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?**

Depending on the quality of the stream the answer will vary, and to stream uninterruptedly the minimum will be 10 Mbps.

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

It is not clear to eMedia how categories of content would be relevant to the Inquiry, and we would therefore be grateful if the Authority could explain the relevance of this question and how the Authority envisages the different categories of content after which the information may be provided.

**2.21. 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.**

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

Content is priced by normal supply/demand market mechanisms. Where content is considered to be “premium” or “first window” content it typically has a higher price compared to second and third window. Sports rights are generally awarded to the highest bidder. It is impossible to assess any differentiation in respect of fees in this regard as it is dependant on type of sport; domestic or international tournament such as a world cup; number of games (e.g., of limited duration or a season lasting for months; popularity from a television point of view of the sport.

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

This question is not applicable to free to air broadcasters as they do not offer packages. Regarding Ultraview, please see above – the channels are not offered in different packages.

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

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

Yes, for the obvious reason that content purchased is done on the basis of the projected number of viewers such content will attract. Advertisers rely on viewership to determine potential reach of their advertising.

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

**2.24.1. Own local production;**

**2.24.2. Commissioned local content;**

**2.24.3. Third-party content on a non-exclusive contract local;**

**2.24.4. Third-party content on non-exclusive contracts international;**

**2.24.5. Third-party exclusive contracts. Please submit copies of exclusive contracts where applicable.**

It is not clear to eMedia how each proportion of overall content would be relevant to the Inquiry, and we would therefore be grateful if the Authority could explain the relevance of this question.

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

**2.25.1. Per category of content;**

**2.25.2. Local content; and**

**2.25.3. International content.**

It is not clear to eMedia how our total content spend would be relevant to the Inquiry, and we would therefore be grateful if the Authority could explain the relevance of this question.

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

**2.26.1. Per category of content;**

**2.26.2. Local content; and**

**2.26.3. International content**

It is not clear to eMedia how our content budget would be relevant to the Inquiry, and we would therefore be grateful if the Authority could explain the relevance of this question.

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

Yes. For Ultaview we license 4 channels from international content producers.

**2.28. What do you consider to be premium content?**

Premium content would include certain sports rights (particularly National Sporting Events as identified in the relevant sporting regulations) and first run movies and series.

**2.29. Do you offer premium content? If so, how?**

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

Based on what it maintains is premium content as set out above, very little premium content is offered. The primary reason for this is both affordability and the fact that MultiChoice enters into long deals thereby tying up premium content – both sports and first run series/movies from the major studious. Despite being a subscription broadcaster, insofar as sports rights are concerned, it is not uncommon for MultiChoice to also purchase free-to-air rights thereby precluding the broadcast of such content on free-to-air channels or requiring it to be sub-licensed substantially at fees it can determine as the owner of such rights. The hoarding of rights is also not uncommon.

**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.**

2.30.1. **Kindly provide copies of any agreements mentioned**.

No. We generally do not purchase content from other broadcasters. Again, this question can have no relevance to the Inquiry.

**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?**

Not applicable. Again, this question cannot have any relevance to the Inquiry.

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

We package channels which are broadcast on DStv.

We sell some local commissioned content to third party OTT providers.

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

We acquire content from various content producers. We rarely procure content on an exclusive basis.

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

Yes. See answers above.

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

See answers above. We do not consider streaming services a credible competitor in the market yet.

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

Yes. The hoarding of unused satellite transponder space by MultiChoice and the fact that set-top-boxes cannot therefore be interchangeable.

**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?**

This information is ever changing and to the extent that it is relevant, current information will be made available at the oral hearings.

**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**

It is clear that this question is misconceived and can only be relevant to competitors in the subscription broadcast market. The viewership of Ultraview is currently such that its market share is insignificant for current purposes.

**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.**

Ultraview only commenced operating in 2023 – see viewer numbers attached to the confidentiality application as annexure "**E**".

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

This has no bearing on free-to-air broadcasters (nor for that fact to this Inquiry). The revenue for Ultraview is attached to the confidentiality applicaiton – see above and annexure "**C**".

**4. General**

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

**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.**

The subscription broadcast market has no competition of relevance ad is dominated by MultiChoice. Most attempt at launching competitive offerings have been dismal failures because of MultiChoice's dominance and predatory practices. Any competition in this space is statistically irrelevant. The Authority has already recognised and referenced this dominance on more than one occasion.

No research has been undertaken.

**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;** The fact that the Authority did not regulate and put a hand break on the manner MultiChoice handled itself when given the opportunity to do so in the 2007 hearings into applications for new subscription broadcasting licences as eSat argued it should do – e.g., preventing tiering and various other practices to prevent competition based on MultiChoice having access to the business plans of potential new entrants. The lack of regulation as envisaged in the current process creates an impediment for potential new entrants into the market.

**4.2.2. Cost of capital and Sunk Costs;**

The costs of capital and sunk costs of establishing any new television station, let alone a satellite broadcaster requiring additional specialised equipment, is enormous and would require a substantial subscriber base in the short and medium term, if these costs are to be recovered. Given MultiChoice's recognised

dominance, and having been given the ability to operate without competitors for decades, attracting sufficient viewers to recover such costs, would be well nigh impossible, save if MultiChoice's dominance and existing practices were substantially regulated.

**4.2.3. Customer behaviour;**

It would be extremely difficult if not impossible to attract viewers away from DSTV, given that it is a known entity, has purchased and hoarded premium content as well as transponder space, and as set top boxes are not interoperable, customers would be required to engage in further capital outlay to purchase a new STB and satellite dish and customers are loathe to switch due to this cost.

**4.2.4. Access to content;**

This has been dealt with above, but it is worth repeating that access to premium content which would differentiate any new entrant is impossible due to MultiChoice having purchased these rights and entering into long term agreements with licensors including sports, series, and first run movies. A new entrant would not be able to meaningfully compete for any premium sporting rights.

**4.2.5. Economies of scale or scope;**

See above.

**4.2.6. Market dynamics. Share your own experience if applicable.**

For the above reasons, the seven parties who were awarded subscription broadcasting licenses, have either folded and are no longer in existence, or have not succeeded in any significant way, by being able to turn viewers away from MultiChoice. This prevent e.sat from entering into the market until 2023, and its own experiences are mirrored above.

**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.**

e.sat only commenced in 2023. To this extent, this question is not relevant. Given the limitations on purchasing content which would differentiate e.sat's offering, growing subscriber numbers is difficult and challenging.

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

These concerns are outlined elsewhere in this document, and the submissions to which this document is attached. They were also extensively dealt with during

the January 2021 oral hearings, and the Authority should make reference to eMedia's presentation at those hearings, as well as any other information submitted pursuant thereto.

**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.

Any such information is irrelevant to the Inquiry. The very facts speak for themselves. MultiChoice is and has always been dominant in the market, and this has already been recognised by the Authority as more fully set out above.

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

There have been no relevant price increases in relation to UltraView. This question has no relevance to the free-to-air channels.