# THE CULTURAL INDUSTRIES GROWTH STRATEGY (CIGS)

# THE SOUTH AFRICAN PUBLISHING INDUSTRY REPORT

**REPORT TO THE DEPARTMENT OF ARTS, CULTURE, SCIENCE AND TECHNOLOGY.**

**FINAL REPORT**

**NOVEMBER 1998**

This report was commissioned by DACST to research the cultural industries and to propose strategies for their growth and development. This report does not necessarily reflect the views of the Department or the Ministry of Arts, Culture, Science and Technology but will be used to inform future policy formulation.

# FOREWORD

South Africa's diverse and dynamic arts and culture heritage is one of its richest and most important resources, with the capacity to generate significant economic and social benefits for the nation. Equally important, but less well understood, is the potential for a vibrant and dynamic arts and culture sector to contribute significantly to the economy of the country.

The Department of Arts, Culture, Science and Technology (DACST) is contributing to the government's Growth, Employment and Redistribution (GEAR) strategy through a number of initiatives intended to enhance the economic and social benefits of arts and culture. The Cultural Industries Growth Strategy (CIGS) is one such initiative and has concentrated on developing strategies for the growth and development of the cultural industries, in particular to realise their potential to create an export market and to create employment.

DACST appointed the Cultural Strategy Group, a multi-disciplinary consortium, to undertake the research and policy aspects of the study. The team included KPMG, the Centre for African Transformation (CART), LMA/SQW policy and research consultants and BDM consulting.

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The term "cultural industries" is used to describe a wide variety of cultural activities which all have commercial organisation as their prime motivating force. These activities take a number of different forms and are organised in different ways from the manufacture or creation of products to the marketing and distribution thereof.

The cultural industries which CSG concentrated on included: the music industry; the craft industry, publishing industry and the film and television industry. Their selection was based on a number of criteria including the recognition that these sectors were identifiable industries in South Africa; are potentially internationally competitive; have the potential to create employment and offer opportunities for rural and urban job creation. The cultural industries tend to be:

- knowledge intensive, involving highly skilled workers
- labour intensive, creating more than the average number of jobs
- differentiated, taking the form of small and medium enterprises (SMMEs) and large enterprises and
- linked with close, interlocking but flexible networks of production and service systems, allowing the sector flexibility in the face of economic recession

Understanding the global context of the cultural industries is of crucial importance if any attempt is made to develop them. The politics of the "New Economy" and phenomena like the Internet make understanding these processes absolutely necessary. The CIGS process was designed to ensure a critical dialogue with experts from other countries where successful strategies to develop the cultural industries within this global context has been undertaken.

The methodology followed for the CIGS study is an <u>industry strategy</u> analysis. Each sector report is therefore principally an economic analysis providing baseline data for each of the four sectors, and focusing on the current economic and social contribution of each sector;

the impediments to growth and the opportunities for employment creation and competitive development.

Each sector report concludes with strategic policy recommendations interventions for both the public and private sector. These recommendations aim to:

- maximise investment opportunities in the sector;
- highlight areas for government participation and legislation;
- identify potential private sector initiatives;
- leverage in multiple funding sources and
- benefit all stakeholders and practitioners within the industry and the economy as a whole

This report is one of four sector studies. A fifth document "Creative South Africa" presents the argument for taking cultural industries seriously and develops a strategy for doing so. The principal vehicle for this is the recommended Cultural Industry Development Agency (CIDA), a public-private partnership agency specifically geared towards building up the cultural industries. The primary functions of this organisation would be knowledge and information management, human resource development, strategic investment, grant funding as well as advocacy on behalf of the cultural industry sector.

While CIDA will develop initiatives in the cultural industries which have a high potential for commercial success as well as stimulating some already flourishing enterprises, the challenge lies within the industries themselves in order to realise themselves as mainstream sectors capable of being involved in the political, economic and social agenda of our country. CSG hope that the information within this report goes some way to enabling this.

# EXECUTIVE SUMMARY

The Cultural Industries Growth Strategy (CIGS) is an initiative of the Department of Arts, Culture, Science and Technology. The aim of the CIGS is to generate growth strategies for the film, music, craft and publishing industries. This report reflects the findings of this process for the South African publishing industry.

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## 1. The Significance of the Publishing Industry.

Publishing is a culture industry in that it falls within the overlap of the two domains of:

- Culture - the expression of culture in text and image and secondly,
- Trade - the reproduction, packaging, distribution, marketing and sale of these products of cultural expression.

The origination of material for publishing in all of its forms is linked to the existence of a vibrant and thriving cultural milieu within South Africa. The ability of our literature, journalism, educational publishing, non-fiction, and reportage to capture the interest of domestic and foreign consumers is inextricably linked to the strength and integrity of our culture.

The publishing industry also acts as the central core of an entire network of related individuals and industries, such as paper manufacturers, educational institutions, ink producers, authors, printers, designers, bookbinders, illustrators, booksellers, distributors and CD manufacturers. The industry is therefore an important source of revenue and employment in South Africa.

The Publishing industry incorporates the production of newspapers, magazines, books, CD ROM's and on-line communications. These mediums make the publishing industry significant in at least six areas of South African society;

- Education and training,
- Awareness of, and participation in current affairs,
- Cultural expression and entertainment,
- Research and innovation,
- Critique and commentary,
- Communications.

## 2. Global Trends in the Publishing Industry.

International trends for the publishing industry are both difficult to ascertain or to generalise principally because indicators for different countries are extremely divergent. Variables impacting on the industry range from educational standards and literacy, the physical size of the country and specific demographic factors to domestic differentials in political and economic stability.

Developing countries have shown growth in the number of titles and in circulation figures concurrent with improvements in prosperity and literacy, while the figures for developed countries have stabilised over the past five years and in some cases shown a decline in circulation. Notwithstanding the complex divergence that exists between various countries, figures suggest that the demand for newspapers around the globe continue to grow at an average rate of between 4.5 and 5%[1]. North American companies continue to lead in most aspects of the publishing industry, followed by Asia and Western Europe.

Aside from favourable demographic factors, the strength of the American market can be ascribed to highly developed marketing structures and competitiveness within the industry coupled with the relatively protected, sophisticated and well established nature of the American reading market. The global publishing industry recovered strongly after a recession in 1997, restoring its long term trend of growth[2].

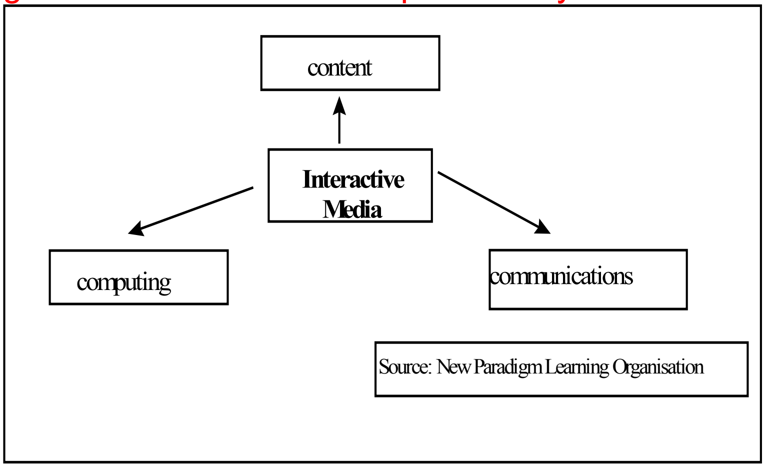
Around the globe, the publishing industry has, for the past fifteen to twenty years, undergone a variety of changes as a result of adaptations to advances in print and information technology, initially due to desk top publishing (DTP) and more recently due to computer to plate (CtP) technology. Far from implying the demise of traditional paper-media, digital media has simply diversified the channels of communication and the methods of production, in much the same way as radio, video and television had done previously.

While these adaptations are dealt with in greater detail in the report itself, it is worth summarising some of the salient features of this trend here.

- Increased availability and scope of information products, particularly via the Internet and digital media products. This feature has also resulted in the internationalisation of markets with various implications for historically protected, local markets.
- The necessity for retraining of personnel and restructuring of organisations and interactions to make optimal use of new technologies. The obsolescence of some jobs has become inevitable as technology automates certain functions within the publishing industry. Throughout Europe and the United States organisational formations have altered and new positions and qualifications have entered the job market. The new “lean and mean, learning organisation” has become the norm in the information sector.
- New processes of production are available requiring new equipment, the cost of which has been a factor. The continuous upgrading of computer hardware so as to keep up with the latest software memory requirements and expanded data bases, has proven very costly for larger companies.
- The advent of online publications, email newsletters, digital commerce and Internet bulletin boards has meant wholly new modes of communication and domains of business. Traditional paper-based media faces a number of challenges if it is to provide established and emerging reading markets with a product and price that works and will continue to work in the future.
- Pre-digital (manual and mechanical) processes of design, reproduction and print, linked to publishing in the past, have been simplified, compressed and accelerated. This process was made workable by sophisticated software utilities that have made it possible to perform a number of formerly distinct functions, at once. This fact has meant the convergence of different media and the increased capacity and demand for “*narrowcasting*” of information products, which is dealt with later in the report.

[1] “World Press Trends”, World Association of Newspapers, (1998)
[2] Figures are available in the addenda to this report.

## Convergence of Functions made possible by Interactive Media[3].




The radical social, political and economic implications of these changes have not yet been fully realised in most parts of the globe. Nevertheless the far-reaching significance of these advances in technology, are comparable to the impact of industrialisation in parts of Europe in the eighteenth and nineteenth centuries. Those governments who have actively embraced the new technology and recognised the adaptations required, particularly in terms of equipping their urban populace and enhancing infrastructure, are now favourably positioned to benefit from and participate in continued advances.

# 3. The South African Publishing Industry.

## 3.1 Context

A great deal has been written in an attempt to grasp the defining features of post apartheid South Africa and the necessarily high costs of democratic transformation. Demographic conditions such as the high unemployment rate, the youthfulness of the population, uneven access to electricity and water and many others beside are part of the challenges that continue to confront the current government. These factors form an integral part of the historical, political and economic context of the publishing industry today and are crucial to its understanding. Events such as the recent educational book crisis did not, for instance, occur without historical precedents.

The transformation of the apartheid state has necessitated the reconstruction of government at all levels, the formation of new provinces and the veritable reconceptualisation of the role of the public sector itself. The thoroughgoing transformation of any country is moreover, an extremely difficult and costly procedure, inevitably fraught with unintended consequences. The process of change is by necessity also related to new policies aiming to facilitate comprehensive economic reforms; encapsulated in the RDP and more recently in GEAR. These reforms have in general been focused in two directions.

In the first place, reforms are aimed at addressing the immense disparities in wealth and status in South African society and provide improved access to opportunities for employment and benefits to those negatively affected by apartheid policies. These diverse reforms have included ongoing housing projects, new health and welfare policies and affirmative action in the work place. The underlying thrust of these reforms has issued from

[3] D. Tapscott, "The Digital Economy" (1995)

an endeavour to resolve the dualistic socio-economic structure produced by the "separate development" programmes of the former government. The focus of the second class of economic reforms is directed at opening South African markets to foreign trade and investment and creating the environment for local industries and personnel to compete in the global arena. These reforms have involved, among others, forging new trade alliances, promoting export incentives, instituting tax holidays and planning industrial development zones (IDZs) and spatial development initiatives (SDIs).

The impact of these foregoing reforms is being felt at all levels of society and does therefore raise important considerations for any industrial strategy for growth. Within the publishing industry "*growth*" can be defined in at least five ways.

- Consumers - number of people buying and reading texts.
- Revenue - increased turnover for publishers, printers, booksellers etc.
- Industry - number of publishers in the sector and efficiency of value chain.
- Productivity - number and variety of texts written and published.
- Employment - number of people employed by the industry.

Each of these areas of potential growth of the industry requires intensive evaluation in order to determine their specific potential and their requirements to meet this potential. Integral to such an evaluation is a delineation of the obstacles to growth in the publishing industry. A few of the predominant obstacles to growth are listed below.

- A limited buying market for published material, partly due to high unemployment rate / limited disposable income and inaccessibility to some publications by parts of the population.
- Priorities of government are, by necessity focussed on the provision of basic needs. For instance, of the rural schools that exist many are without electricity and water, not to mention libraries.
- Lack of trained personnel in certain technical aspects of the publishing industry.
- High risks of establishing new publishing houses.
- Uncertainties caused by rapid and continuous advances in information technology and the impact of this technology on employment in the industry.
- Highly competitive foreign publishers impacting on local industry, for instance almost 60% of academic books are now imported[4].
- Limited incentives for local writers.
- Unfavourable domestic economic climate (e.g. High interest rates, limited consumer spending power) making it difficult for local entrepreneurs to benefit from potential gaps in the publishing market.

With the foregoing in mind, it is possible to consider the role of government advocacy and policy in addressing these obstacles and making growth possible.

## 3.2 Role of Government

Since this report is an initiative of the Department of Arts, Culture, Science and Technology, specifically aimed at generating strategies for the sustainable growth of the publishing industry, it would prove worthwhile to elaborate on the role of government in the growth of the publishing industry. At least five areas of potential government involvement have been identified in this regard.

- *Policy development and legislation*, (e.g. Copyright law, waver of vat on educational books, tax breaks)
- *Infrastructure and institutions*, (e.g. Training facilities and courses, 'telecentres' and electricity supply, libraries, community publishing houses)

[4] "Fine Paper Printing Handbook", The Marketing Shop, (1998), p.59

- *Funding and finance*, (e.g. Awards, scholarships, promotions, loans)
- *Research and information*, (e.g. "How to" booklets - publishing, writing, getting published etc., reliable data-base)
- *Organisation*, (e.g. Cluster initiative, public-private partnerships, linkages between relevant organisations and persons)

The final section of this report elaborates on specific policy recommendations for the CIGS.

## 3.3 Role of Private Sector

The inclusion and engagement of the private sector is seen as a necessary part of any growth strategy for the publishing industry. Two main areas of private sector involvement have been envisaged.

- Public-private partnerships. (consultative forums, libraries, 'telecentres', writing workshops, book fairs, reading campaigns etc.)
- Private initiatives. (awards, commissions, author promotions, marketing campaigns, market research, other) e.g. The Print Media in Education initiative of the Print Media Association.

It should be noted that the publishing industry already boasts a host of initiatives and professional organisations that have been actively involved in developing sub-sectors of the industry.

## Methodology

The following methodology has been employed in the completion of this report:

- The publishing industry is defined as a cultural industry that produces magazines, newspapers, books, CD ROMs and online publications. The report has therefore excluded print for packaging, merchandising, business forms, printed stationery, direct mail adverts and labels. The latter are better dealt with in the context of the printing industry[5].
- For the purposes of analysis, the industry is treated as a process of value creation made up of a series of identifiable steps. This form of analysis is adapted from Charles Landry's five-column model, which conceives of an industrial sector as made up of a value chain.
- In the analysis of each sub-sector of the publishing industry, particular aspects of the value chain have been highlighted and the relation between these different aspects has been explored. Such an analysis is able to identify strengths and shortfalls in the value chain.
- The advantage of using the model of a value chain for the analysis of industries is that the focus of research shifts from looking at an *isolated* aspect, such as book selling or printing, to regarding this aspect as part of an *integrated* procedure that includes an entire network of related aspects that are part of the chain of value added. This integrated whole is here referred to as the publishing industry. In this way it becomes possible to identify issues relating to the performance of this sector as a whole.
- An additional advantage of this integrated approach is that it lends itself to an understanding of the growing convergence between different sub-sectors of the industry.
- The value chain model employed for the analysis of the publishing sector - as a cultural industry - is represented in the diagram below.

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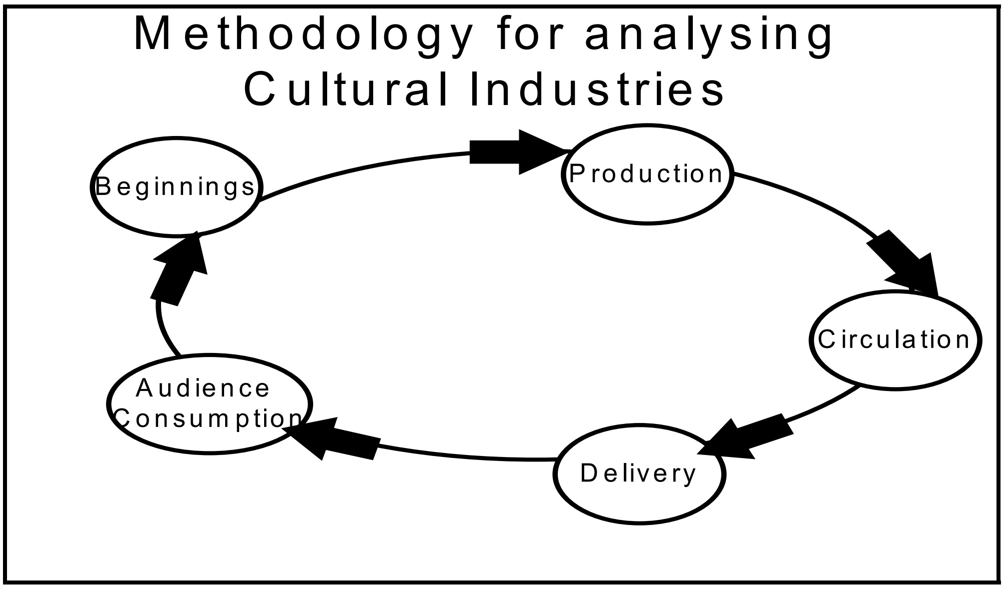
[5] An example of such a publication is the "Fine Paper Printing Handbook" (1998), which provides a comprehensive review of the current status of the various sub-sectors of the print industry.




- Various role players in the industry were interviewed and a large range of sources consulted.
- An attempt has been made to delineate the economic and political context of the publishing sector, provide an account of relevant global and local trends and thereby provide a SWOT analysis of the industry. The SWOT analysis is utilised as a framework for the purposes of furnishing policy proposals as part of a growth strategy for the industry from the perspective of the Department of Arts, Culture, Science and Technology.

# SECTION ONE - INTRODUCTION

## 1.1 Background

Tune into your favourite radio station on your way to work in the m    orning and you are likely to hear the presenter promoting a "book of the week" as part of the morning news and actuality programme. On your way from the taxi-rank to the office or factory you may pass a local news vendor and buy a copy of the *Sowetan* or the *Business Day*. If you are travelling by air or rail, you might pick up a copy of your preferred sports, fashion or business magazine from a newsagent conveniently located in the concourse or departure lounge. After work while shopping at the local mall, you will most likely walk past a bookstore, open after hours to catch the movie-going "browser", at a coffee counter where customers read, chat or surf the Internet. If you have a hobby or an academic interest, you might subscribe to one of thousands of specialist magazines and journals available in South Africa or from abroad. Those of you that are "connected" might be regular customers at **Error! Reference source not found.**"the world's largest on-line bookstore".

All of these activities are part of the everyday consumption of products of the increasingly converging sub-sectors of the publishing industry. Publishing became a generally accepted part of European society with the invention of the printing press, by means of which it became possible to mechanically "publicise" copies of text on paper. Today, publishing has established itself as a significant component of most cultures and societies, including South Africa. It is interwoven into our institutions and customs, providing us with information about our world, educating our citizens, expressing our ideas and philosophies and preserving them for future generations. It is also a global business worth billions of dollars in revenue to large multinational corporations.

Over the past two decades many publishing companies have been acquired by media conglomerates seeking new ways to deliver information and knowledge through a wide variety of channels, packaged to suit the individual needs and desires of the consumer. The seemingly endless series of mergers and acquisitions that characterises the media sector today, has become one of the defining features of the information age. Publishing companies are "information-rich" and are therefore seen as strategically important by both governments and multinational corporations. This is true both internationally and in South Africa, which contains elements of the global publishing industry within its economy, as well as locally owned companies that display similar characteristics to their international competitors.

Ironically the South African publishing industry is in a relatively strong position due to years of isolation which allowed local media companies to entrench themselves in the historically white and affluent domestic market. These companies are now investing heavily in building synergy between different forms of media, and are in some cases building alliances with international conglomerates or entering new markets abroad. Typically this could involve a media company having broadcast, print media, book publishing, direct marketing and electronic publishing interests. The express aim of companies such as Naspers and Primedia is to become "content providers" across a wide range of delivery platforms and in an increasingly segmented market.

## 1.2 The importance of publishing

For the better part of two centuries, book publishing and the print media have been strategically important industries because of the pivotal role that they play in society as communicators of information, ideas and ideology. South Africa is no different to other countries in this regard: the history of book publishing and the print media is intimately connected to the history of colonialism and apartheid. As the twentieth century draws to a close, South Africa has embarked upon a transition to democracy and is pursuing a new economic development agenda. In addition, profound changes in the global economy are expressed in rapid technological advances and the increasing importance of information, communication and entertainment based industries.

The importance of publishing and the print media in this new environment is greatly increased in three ways:

- It is a source of information and knowledge and a vehicle for political, social and cultural **expression** - this is particularly important in a context where expression has been deliberately suppressed and creativity discouraged. In addition, free expression and cultural vibrancy are essential for adding value to information.
- It is a source of existing and potential **economic growth and employment** - in terms of economic growth, it is estimated that above the line media in South Africa has grown on average at a rate of 17% per annum over the past five years. This figure represents a premium of 50% over nominal growth in GDP[6]. The industry provides employment for originators of content (writers, journalists, copywriters); those involved in processing, editing, and packaging content (editorial staff, designers, production staff); printing, web-design and CD-ROM production; marketing; distribution and retail. In addition, the industry provides employment for supporting activities ranging from the production of paper to the development of software and information systems. The estimated total contribution to employment of the publishing industry is in the order of 88 832[7]. It should be noted that many of these jobs are highly skilled and as such are an asset to the economy in that the value-added component of activities undertaken is higher than in other sectors.
- It is a **strategic resource provider** to other information-based activities. The most obvious example of this is in relation to television and radio where material published for paper media is often adapted for the screen or the airwaves. Moreover, in an economy that is increasingly driven by the need for management of information and knowledge resources, the publishing industry is a resource to other industries. This may be in terms of the specialised information contained in trade journals, books and academic papers and the like, as well as through opportunities for the dissemination of information and communication. Sectors as diverse as food processing, stock brokering and motor manufacturing benefit from the information they receive via published material. In addition, the publishing industry provides opportunities for the marketing of almost every conceivable product or service. This is especially important in relation to promotion that is inappropriate for broadcast media. For example, a large proportion of industrial marketing is conducted through trade magazines and specialist newspapers.

## 1.3 Publishing and the publishing value chain

For purposes of clarity, the word “publishing” is understood to include:

- print media publishing (mainly newspapers and magazines),
- book publishing, and
- electronic publishing.

The publishing value chain is here defined as economic activities that support or facilitate the creation, production, circulation and delivery of information-based products. These products appear mainly in the form of text and images, to consumers who are able to read

[6] AdIndex quoted in Merrill Lynch, Pierce, Fenner & Smith. (1997). Primedia - Lights, Camera, Action!
[7] “Fine Paper Printing Handbook”, The Marketing Shop, (1998), p.5

or visually interpret words and pictures and ideally provide feedback to the publisher. Within the industry practitioners generally distinguish between print and publishing. Without contradicting this distinction, this report sees print as part of the value chain of the publishing industry. In other words primacy has been given to publishing rather than printing. It is perhaps useful to unpack this definition a little further so that the reader is clear about the concepts involved.

- The term "**economic**" includes activities carried out for commercial gain as well as those that are not for profit but nevertheless have an economic impact.
- Creation, production, circulation and delivery of content are the broad categories into which commercial activity within the value chain can be classified
- A focus on "**information-based**" products, mainly in the form of text and images implies inclusion of traditional forms of publishing such as books, newspapers and magazines without limiting the scope of the report or excluding electronic publishing.
- The concept of "**feedback**" and audience development is increasingly important to all forms of publishing, both in terms of developing markets for products and as a strategy for harnessing new and innovative ideas.

In terms of South Africa's Standard Industrial Classification (SIC) of all economic activities, most of the publishing industry value-chain falls under Major Group 32. This group includes elements of SIC 323 (manufacture of paper and paper products); SIC 324 (publishing); SIC 325 (printing and service activities related to printing) and SIC 326 (reproduction of recorded media). In addition, a hypothetical and generic publishing value-chain would include elements of the retail sector (e.g. bookstores and news agents) as well as the originators of text and images (e.g. writers, illustrators and photographers). Such a generic value chain or "pipeline", using Landry's Five Columns method might be represented as follows:

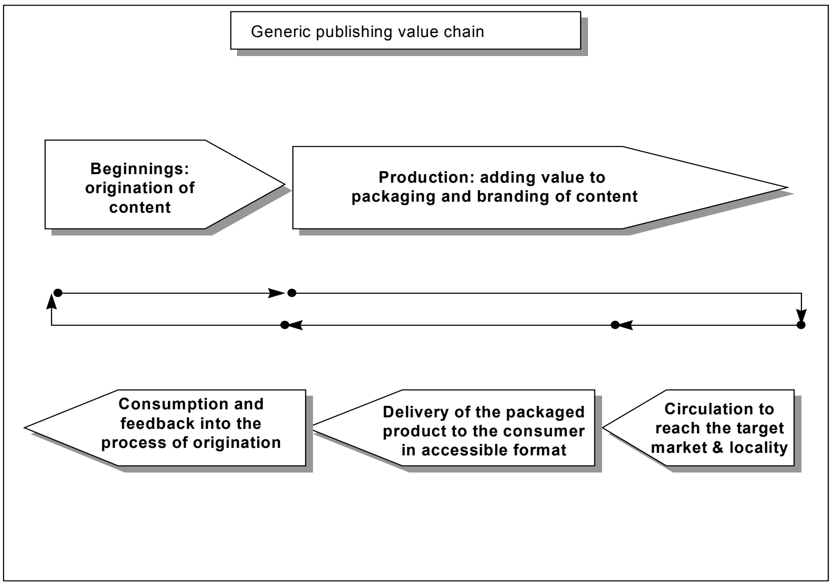



**Figure 1. The publishing value chain [Source: adapted from Landry's 5 Columns model]**

At this stage it is important to explain some of the concepts which will be used repeatedly throughout this report. In the first instance, the assumption is made that all publishing activities, books, magazines, newspapers or electronic essentially involve the same process:

- This process begins with the **origination of content** in the form of information, knowledge or ideas (beginnings).
- This is followed by adding value, **branding and packaging** the content to develop a product (book, newspaper, magazine, web-site) which meets the needs or demands of the final consumer (production).

- The packaged and branded product is then **targeted** (circulated) at specific markets and localities and **distributed** to the consumer through one or more delivery channels (book-store, newsagent, web-browser/personal computer).

In each case the end result is the same: the original content is placed through a series of intermediary steps which serve to add value, package, brand, transport and provide access for the final consumer of that content. This holds true for all kinds of publishing.

The publishing industry has historically been defined and organised according to the various ways in which the published product is delivered to the final consumer. Whichever standard classification is used, the actual product (e.g. book, newspaper, journal or magazine) has been of critical importance. Publishing companies were traditionally established to specialise accordingly, and the processes around production in each category are often different. The history of ownership and control of media companies has reflected this phenomenon. Even in cases where a holding company owns several different types of publishing subsidiaries, they have traditionally been managed as separate entities. One of the issues interrogated in this report is to what extent the advances in information based technologies is leading to changes in this arrangement.

## 1.4 Objectives of the study

The overall objective of this report is firstly to understand the size, nature and dynamics of publishing in South Africa. It therefore begins by examining newspapers, magazines, books and electronic publishing as distinct sub-sectors of the publishing industry. Each is analysed separately because each has unique characteristics, problems and opportunities. However, we shall argue that in the context of the information age, they also have a great deal in common, not least the fact that they are increasingly owned by the same conglomerates that dominate other parts of the media industry.

This initial three-part analysis is used as a basis for developing an understanding of the strategic issues and trends that confront the industry today. The final objective of the report is to develop a coherent approach to growth and development of publishing in South Africa. To this end it concludes with a series of policy recommendations for the government and the stakeholders in the industry. It should be noted that the report is concerned with understanding and analysing a very large range of activities that together make up what is here referred to as the publishing industry. This wide scope of the analysis has been achieved at the expense of some of the detail and depth. The report should therefore be seen as providing direction for further areas for investigation.

# SECTION TWO - PUBLISHING AS A STRATEGIC INDUSTRY

## 2.1 Information: a strategic resource in the global economy

The latter half of the twentieth century has been characterised by a growing awareness of the political and economic value of information. In acknowledgement of the pivotal role that information and its related technologies has come to play in human economic and social life, commentators have, since the close of the Second World War, begun to refer to the current era as the "information age". This "information age" has been characterised by the following features:

- Enhanced communication networks and relevant technology.
- Preoccupation with the generation of data concerning all facets of human life.
- The development of a mass-populace that has a need to know transient facts, such as daily news, weather and market indicators.
- Increase in the quantity, scope and general consumption of data.
- Realisation of the strategic advantages of quality information for economic competitiveness and geopolitical advantage.
- The exploitation of the need to know and be entertained resulting in the commercialisation of data and its vehicles of communication.
- The coalescence of science with the demands of marketing and entertainment.
- An increase in the global interaction of both product and financial markets made possible by high speed, international communication facilities.

The "information age" therefore describes a fundamental shift involving technological advancement, new forms of economic production and management and the formation of a global economy.

**Issue:** Information has become a factor of production

At the heart of this "information revolution" is the notion that there is a new production equation at work, one which in addition to the traditional resources of capital, raw materials and labour, recognises the importance of *information* as a factor of production. It is the accessibility of information and knowledge that allows for the creation of the learning environment essential for innovation. And it is innovation that drives competitiveness. It is this reality which leads to the conclusion that information or knowledge is more than a commodity to be packaged for consumers: it is nothing less than a strategic resource, as essential to the new economy as energy and mineral resources were for previous industrial revolutions. Companies and industries rich in information and knowledge are the gold mines of the new economy. The value of information as an economic resource does therefore rest in its capacity to facilitate at least three strategically significant socio-economic functions, these functions can be listed as follows;

- Means of skills and knowledge transfer thereby equipping human resource.
- Means of orienting population for current affairs, change and innovation.
- Means of cultural expression, creativity, reflection, criticism, rapport and entertainment.

Since the publishing sector is primarily concerned with the manufacture of information-based products it is a strategic global industry.

## 2.2 Publishing: an information based activity

Publishing is an information-based activity. It therefore needs to be understood within the broader context of changing patterns in the production and consumption of information in general, and of media in particular. As described above, the trend is toward increased consumption of information, both as a commodity, but increasingly as a resource for the further development of knowledge and innovation. As part of this process, consumers are also demanding that the information be tailored to their particular needs. The market for information is in other words becoming increasingly segmented.

For example, in the magazine industry there has traditionally been an emphasis towards economies of scale. Large production runs, with lower unit costs, were necessary in order for magazines to be profitable. Two developments are contributing to changes in this situation:

- Digital editing processes allow magazines to be produced differently. Higher quality standards are achieved at much lower cost and in much shorter time spans than before.
- Technologically advanced production processes are used to achieve economies of scope, more precisely a wider range of titles can be produced at lower volumes.
- As consumers become more discerning about what it is that they want to read, advertisers have realised that they are able to target particular segments of the market according to the type and content of a particular magazine or newspaper. This creates more certainty for advertisers that they are reaching their target market and allows publishers to meet the needs of consumers more effectively.

A recent article in *Harvard Business Review*[8] takes this point further. The authors argue that historically the flow of information has been constrained by its carrier or medium of delivery. For example, the content and appearance of a newspaper is constrained by the fact that it is printed on paper of a particular size and print quality. However, the advent of electronic communication, permits information to travel as bits of data or code that are separate from the carrier. This results in a situation where:

> *"…information can travel by itself. The traditional link between the flow of product related information and the flow of the product itself, between the economics of information and the economics of things, can be broken. What is truly revolutionary about the explosion in connectivity is the possibility it offers to unbundle information from its physical carrier"* [9].

What makes this concept so important is that traditionally, the economics of information delivery has been subject to a trade-off between "richness" and "reach".; *Reach* is understood to mean the number of people receiving the information, while *richness* refers to the amount of information communicated, the extent to which it can be customised, and the degree of inter-activity between the sender of the information and the person receiving it.

[8] Evans and Wurster (1997). Strategy and the New Economics of Information. *Harvard Business Review.* 75 (5).
[9] (ibid 1997:73)

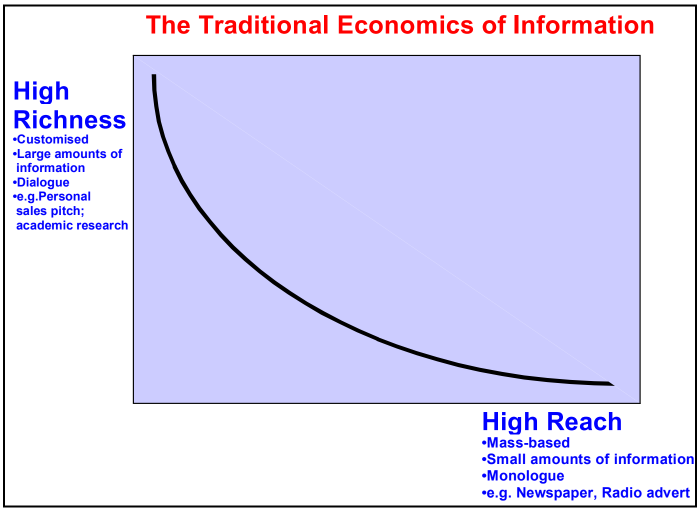



**Figure 2: The Traditional Economics of Information [Source: Evans and Wurster, 1997]**

The implication of "unbundling" information from its carrier is that this traditional trade-off no longer applies. It is rapidly becoming possible to deliver large amounts of information to individual consumers in a highly targeted way and for a relatively low cost. Trends and developments in the international publishing industry have for some time been responsive to this reality.

**Issue:** It is possible to deliver large amounts of information to individual consumers in a highly targeted way and at low cost.

## 2.3 Industry structure and ownership

For almost twenty years the most significant feature of the global publishing industry has been the extent to which ownership and control has progressively become vested in the hands of large diversified media conglomerates. Since the 1970s, the strategy of these corporations has been to acquire publishing houses, newspapers and magazines in order to generate synergy between them and other forms of media such as television or radio. The conglomerate ownership of a wide range of media-related companies is not the same as generating synergy between them. What is interesting about the current convergence of delivery platforms and technological advances is the opportunity now presented to media corporations to realise the potential that they have been seeking for some time.

The largest international media corporations are listed in the graph below:

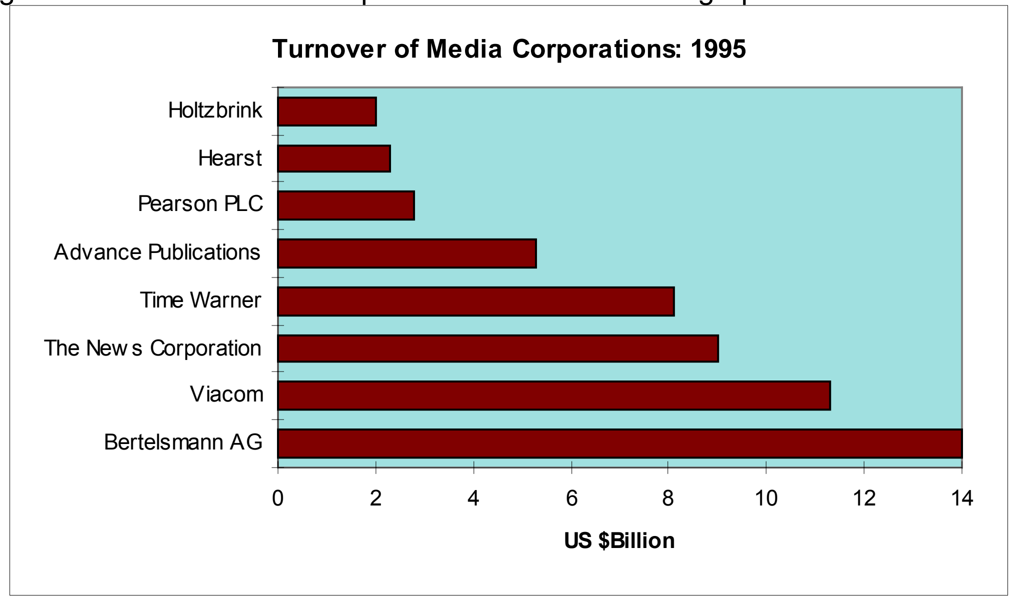



**Figure 3: Turnover of international media corporations [Source: The Media Nation]**

Hearst Corporation, a privately held company with revenues in excess of US $ 2 billion, owns five book publishers, 19 newspapers, 103 magazines (including several well-known titles such as Cosmopolitan and Marie-Claire), six cable channels, seven television stations, six radio stations, four multi-media companies, two production companies and a comic book publisher. A quick glance at the other major players reveals a similar pattern. Pearson PLC with US$ 2.8 billion turnover owns 20 publishers (including South Africa's Maskew Miller Longman), five newspapers, six television production companies, a motion picture company and a multi-media company. Rupert Murdoch's News Corporation has interests in book publishing (HarperCollins), 200 Newspapers (e.g. London Times, The Sun), Magazines, Television (Fox TV), cable and satellite TV, motion pictures, multi-media and paper production. Viacom, Advance Publications, Bertelsmann AG., Time Warner and Holtzbrink all display similar ownership patterns, the differences between them being largely a matter of tactical positioning in the marketplace. As a general rule, a large major media conglomerate usually owns, or is in the process of acquiring, interests in book publishing, magazines, newspapers, cable, radio, television TV production, motion picture production and multi-media.

The large media holding companies have been keen to generate synergy and efficiency across their print and electronic subsidiaries. In addition, corporate strategists have been looking for ways to exploit the new technologies available to maximum advantage, by opting for media that allows for the targeting of specific segments of the market. For example, the recent attempt at a merger between Anglo-Dutch publisher Reed Elsevier and its German-Dutch rival Wolters Kluwer, a publisher of specialist legal books, was part of the Reed-Elsevier strategy to become the leading provider of specialist information to professionals such as accountants, doctors, scientists and lawyers. Wolters Kluwer is the biggest legal publisher in Germany and Reed Elsevier was keen to acquire its intellectual property as well as its customers.

In some quarters, the dominance of media conglomerates is seen as cause for concern. A recent article in *The Nation*[10] expressed the feelings of many observers:

[10] Miller, M.C. (1997). The Crushing Power of Big Publishing.

> *Aside from Norton and Houghton Mifflin (the last two major independents), some university presses and a good number of embattled minors, America's trade publishers today belong to eight huge media conglomerates. In only one of them - Holtzbrinck - does management seem to care (for now) what people read. As to the rest, books are, literally, the least of their concerns. For Hearst, Time Warner, Rupert Murdoch's News Corporation, the British giant Pearson, the German giant Bertelsman, Sumner Redstone's Viacom and S.I. Newhouse's Advance, books count much less than the traffic of the newsstands, TV, the multiplex: industries that were always dominated by a few, whereas book publishing was, once upon a time, a different story.*

Concerns around domination by media conglomerates are not new, but they may be misplaced. The acquisition of publishing houses by conglomerates was off-set by the emergence of a large number of independent publishers taking advantage of technology changes and gaps in the market left by larger companies which had decided to focus on specific niches.

**Issue:** publishing has experienced a series of mergers, acquisitions, take-overs, and the development of strategic alliances. Previously independent publishing houses, book-sellers and magazine distributors have been acquired by large media conglomerates looking for 'synergy' between traditional publishing and other forms of media.

Technological advances and the convergence between telecommunications, entertainment and content based industries[11] have led to the adoption of new strategic positions on the part of media and entertainment companies. These strategies may have many permutations. On the one hand there are companies and corporations that wish to become purely *content* providers - that is originators, producers and manufacturers of music, film, multi-media, information, print media and the like. Others seek to compete in delivery and distribution *channels* such as broadcasters, Internet service providers (ISP), cinemas, book stores or news agencies[12]. Less focused conglomerates may attempt to dominate both content and channel delivery, while a fourth category may merely seek to maximise shareholder value by trading assets in the entertainment sector.

Whichever strategic position is adopted, its relevance to traditional publishing lies in the role which the industry plays in originating and adding value to information. Media companies, especially those focused on content provision, have acquired publishing houses that are able to provide information that can be re-packaged and sold across different platforms. The importance of the above point cannot be overstated. Indeed, it is the thread that holds the entire process of change in publishing together. The emergence of new media provides a tremendous opportunity for publishers to take advantage of new channels for delivering their material to the consumer. Publishers are literally "manufacturers" of information products in that they take ideas and data, add value to it so that it meets the needs or desires of the end

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[11] Cf. Diagram on p.6
[12] Griffith & Taylor (1996). The Future for Multimedia: Battle for World Dominance. *Long Range Planning.* 29 (5), 643.

user or consumer. The first step in being able to take advantage of the new environment lies in recognising that all publishers are in the business of adding value to information.

# SECTION THREE - PRINT MEDIA

## 3.1 Introduction to Sector

The print media sector of the publishing industry here primarily refers to the publication of magazines and newspapers. Magazines and newspapers act as a vehicle for the representation of contemporary culture in its diverse forms. The powerful role of the print media sector is highlighted by its dual function as both the portrayer of issues of current social, political and economic concern and interest but also as a medium for the mass communication of advertisements. In this capacity the print media has traditionally been regarded as an important carrier and creator of values in society. Print media is currently the largest sub-sector of the overall publishing industry, terms of its number of readers. This fact alone suggests that it holds the most potential to contribute to the growth of the reading market as a whole. Print media is also an area in which the impact of advances in technology has been most acutely felt, particularly in terms of the print and production process.

No discussion of print media in South Africa can begin without an understanding of the political history of ownership and control of the media industry. To this day, the mass media is seen as a politically contested arena, as the following quotation from the Nelson Mandela's speech to the 1997 ANC conference in Mafikeng indicates;

> *Thanks to decades of repression and prohibition of mass media genuinely representative of the voice of the majority of the people of South Africa, this majority has no choice but to rely for information and communication on a media representing the privileged minority…the media uses the democratic order, brought about by enormous sacrifices of our own people, as an instrument to protect the legacy of racism, graphically described by its own patterns of ownership, editorial control, value system and advertiser influence.* - Nelson Mandela. (1997)

The political sensitivity of the mass media of newspapers and magazines resides in the fact that they are amongst the most powerful mechanisms of ideology in contemporary societies in terms of both content and presentation. A government devoted to the principles of democracy would not want to tamper with the right to free expression in society, but equally must be aware that the means of public expression, such as the media are not monopolised to the extent that they are no longer free. It is therefore not surprising that issues pertaining to the control and ownership of the media in post apartheid South Africa may become an area of perennial concern.

The history of the print media industry in South Africa dates back to 1800, when *the Cape Town Gazette and African Advertiser* was published by the Governor of the Cape Colony. It was almost a quarter of a century before Thomas Pringle and John Fairbairn were appointed editors of the first private newspaper, the *SA Commercial Advertiser*, in 1824. By 1830, the first Dutch language newspaper, *De Zuid Afrikaan*, had been published, and by 1837 the first African language newspaper, *Umshumayeli Wendaba* had been published by Methodist Missionaries (Nel, 1998:299). By the 1870s the industry had begun to assume a pattern that was to endure in some shape or form for more than 100 years. The Argus Printing and Publishing Company had been established in 1866 - it was later to serve as the vehicle for consolidating ownership of portions of the English-language press. A series of

Dutch and Afrikaans newspapers had been established, many with titles such as *Die Volkstem* and *Die Afrikaanse Patriot,* reflecting their political agendas. Finally, a number of African language newspapers had been established - most were originally published by Methodist or Presbyterian missionaries - but by 1884, the first black-owned newspaper, *Imvo Zabantsundu*, had been published, under the editorship of John Tengo Jabavu. (Nel, 1998:300).

The aftermath of the Anglo-Boer War and the establishment of the Union of South Africa further excluded black South Africans from the economic and political process. In addition, it ushered in the rise of Afrikaner nationalism, and the establishment of media conglomerates loyal to its political agenda. The foremost of these was Nasionale Pers, under the leadership of D.F. Malan, later to be the first Nationalist prime-minister. This period also saw the establishment of the *Sunday Times*, and the *Rand Dailly Mail*, later to become part of SA Associated Newspapers (SAAN), the forerunner of Times Media Limited (TML). Free community newspapers, such as *Karet,* were published through sponsorship by the National Party and specifically aimed at the coloured reading market.

This pattern of ownership and political influence remained more or less the same until the 1980s when a small but vibrant “alternative” press emerged in response to the repressive status quo. Many of the personalities and organisations who pioneered the establishment of “alternative” publications such as *South* and *New Nation* have subsequently become key players in the transformation of the mainstream print media which is now gathering momentum.

The key elements of this transition are economic, political and technological.

- In **economic** terms, the entry of multi-national corporations such as the *Independent Group* and the emergence of black owned companies with media interests, (e.g. Kagiso and New Africa Investments), represents a fundamental shift for the print media in South Africa. Apart from the empowerment aspect of such developments there is for the first time recognition that the future of media lies in the development of publications which are aimed at black consumers. Prior to the transition, with the exception of the alternative press and a few publications aimed at black consumers, the print media environment was characterised by a focus on white consumers and driven by advertising revenue generated in this market. This meant that strategies employed by media companies has usually rested on acquiring market share from their competitors or raising barriers to entry to prevent new competitors from entering the market. There is increasing recognition that this will change, already several new publications have successfully been positioned to aim at niche segments within the emerging market.
- **Politically** the shift in ownership and focus of media companies is starting to have an effect. There remains a great deal of controversy and debate about the role of the media, much of it generated as part of the restructuring process which has seen the emergence of black-owned media conglomerates. However, it has been argued that the process of affirmative action and empowerment of previously disadvantaged media professionals will entrench the transformation process. Already several magazines and newspapers are being managed and edited by people who were previously involved in the alternative press.
- **Technologically** the changes in the process of publishing and printing of media are leading to a proliferation of new publications and genres, both within the established media and outside of it.

Unlike the book publishing sector, print media is primarily driven by attracting advertising revenues. It therefore delivers two forms of content to the consumer, namely:

- information in the form of news, current affairs or special interests, and

- advertising or marketing information.

Industry sources estimate that turnover from advertising revenue ranges from being roughly equivalent to that of circulation, to being the only source of revenue in the case of free-sheets or free trade publications. The total “adspend” for all media in South Africa in 1997 was R5 958 million. The percentage breakdown for each sub-sector of this total adspend is provided below[13]:

**Percentage of Advertising Spend for all Media in South Africa - 1997**

| **Medium** (Source: Fine Paper Printing Handbook, 1998.) | **Adspend %** |
|---|---|
| T.V. | 39 |
| Newspaper | 30 |
| Magazine | 16 |
| Radio | 11 |
| Outdoor | 3 |
| Cinema | 1 |

In the current climate, advertisers are becoming more conscious of the need to target their “adspend” at specific audiences. This means that the demand for advertising space in niche publications is growing. Print media rely very strongly on the sale of advertisement space and tend to gear the publication to accommodate the relevant advertising agent. It is estimated that advertising revenue in newspapers and magazines in 1997 increased by 40% and is now worth approximately R2.6 billion[14], it is therefore not surprising that “adspend” is regarded as the fuel of the print media sector.

## 3.2 Magazines

While there are no official statistics about the total size of the magazine industry, turnover is estimated at about R1.7 billion[15]. The sector is divided into the following categories:

| Category | No. of titles | Turnover | Key Players | Comments |
|---|---|---|---|---|
| Mass Consumer | +-100 | R 1 billion | Nasionale Pers, Perskor, CTP Holdings, TML | Dominated by relatively few publishers |
| Specialist Consumer | +-700 | R 550 million | Primedia, Nationale Pers (Touchline media), Kagiso, TML, Perskor | Fragmented - many independents and international titles |

[13] These figure are estimates from the Marketing Shop, “Fine Paper Printing Handbook”, (1998), p.12
[14] The Marketing Shop, “Fine Paper Printing Handbook – 1998”, p.3
[15] ibid. p.27

| | | | | |
|---|---|---|---|---|
| Trade and Technical | +-500 | R 350 million | Primedia, TML, Kagiso, several independents | Fragmented - large number of small and medium sized publishers dependent on advertising |

In the mass consumer market, individual magazine brand circulation numbers are falling, particularly the traditionally popular titles, but there has been a dramatic increase in the number of new international and local titles available, especially the specialist consumer titles. According to the latest figures released by the Audit Bureau for Circulation, when magazine circulation figures are combined, more actual copies are being sold in total, reflecting the fact that the South African market coincides with international trends which have moved towards narrowcasting and niche market development. Unfortunately no accurate circulation figures are currently available for imports, but every indication is that they are displaying a similar trend. Most distribution outlets are also increasing the range of titles offered.

It is estimated that there are in the region of 280 magazine titles available on the market. The South African magazine market continues to be characterised by distinct differences in the readership of magazines amongst different race groups. In addition to a higher number of titles, there have also been increases in the frequency of publication of a number of key magazines. For example, *Drum* has moved from being a monthly to weekly publication and the highly successful sports magazine *Kick Off* has moved from a monthly to fortnightly print. The significance of these two magazines is not only in their increased circulation figures, but also in the fact that they are explicitly targeted at emerging consumer niches, which in general are experiencing an upward growth trend. This is in line with the rest of the magazine industry and means that black South Africans are not only reading more, they are also increasingly choosy about what they read - the demand is clearly for up-market, lifestyle oriented brands. The overall trends are similar for men's and women's general and specialist interest magazines, and business magazines.

Magazines aimed specifically at black consumers were traditionally viewed as the "Cinderella" of print media, with little investment in marketing and raw materials - inferior paper was reputedly used in their production[16]. These practices can be understood as responses to a historically, unprofitable market. Some commentators argue that there is a correlation between education levels and consumption of print media. It is for this reason that the black South African reading market has been severely curtailed by relatively lower standards of education[17]. Nevertheless, increased investment in the quality of these magazines, possibly in response to a 29% drop in readership between 1988 and 1993, has accompanied the re-launch of a number of titles and the emergence of several new titles. *Drum* now has a monthly readership close to that of the entire market in 1993[18]. According to AMPS figures, while English and Afrikaans readership has remained stable, black readership has increased by 8% over the period 1994 to 1997.

Another successfully re-launched publication is *True Love*, which increased circulation from 51 646 to 80 000 a month[19]. Overall readership in this segment of the reading market has

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16 Spotlight on media. (1997, October). *Weekly Mail & Guardian*.
17 Cf. "Fine Paper Printing Handbook", (1998), p.11
18 Ibid.
19 Ibid.

risen from 18,1 to 25,4% in the past three years[20]. A further area to have shown significant overall growth in the South African industry have been business publications, such as *F&T Weekly*. Sports magazines have also experienced an increase in readership, but not to the same extent.

Women's magazines have been less successful. All women's magazines with the exception of *Cosmopolitan*, saw a relative decline in circulation. The decline in the circulation of these magazines may be related to the increased number of titles in this segment of the markets. The AMPS 1996 survey indicated that 1.1 million women surveyed did not read magazines, many not because of income constraints - 187 000 lived in households earning more than R6 000 per month, but rather because they are "homeless", that is, without magazines that cater for their interests[21]. *Bona* editor Willie Bokalo questions the multi-cultural approach of magazines such as *Marie Claire* and *Elle*[22]. He is critical of *Ebony* "totally missing the mark by reporting on South African issues and affairs from a US perspective"[23]. There is little doubt that with time, locally oriented niche magazines will find the image they are seeking as they become attuned to the demands of new and emerging markets.

### 3.2.1 Key players in the magazine sector

Nasionale Pers dominates the industry with its mass consumer publications: *Fair Lady*, *Sarie, Landbouweekblad*, *Insig*, *Runner's World*, *SA Sports Illustrated*, *Golf Digest, Kickoff, Huisgenoot*, *You* and *Drum* (see Box 3). Other players include Perskor (Republican Press), CTP Holdings and Times Media. These entities, as well as Primedia, Kagiso Media and Ramsay Son & Parker serve specialist consumer publications[24].

Primedia Publishing is the largest specialist trade and technical publisher having made 6 acquisitions, including a 70% share in Intelligence Publishing, producing the titles, *Intelligence* and *PC Format*, and 80% stake in George Warman, which has 32 titles covering a wide range of technical and medical industries and disciplines.

**Fact Box: Nasionale Pers**

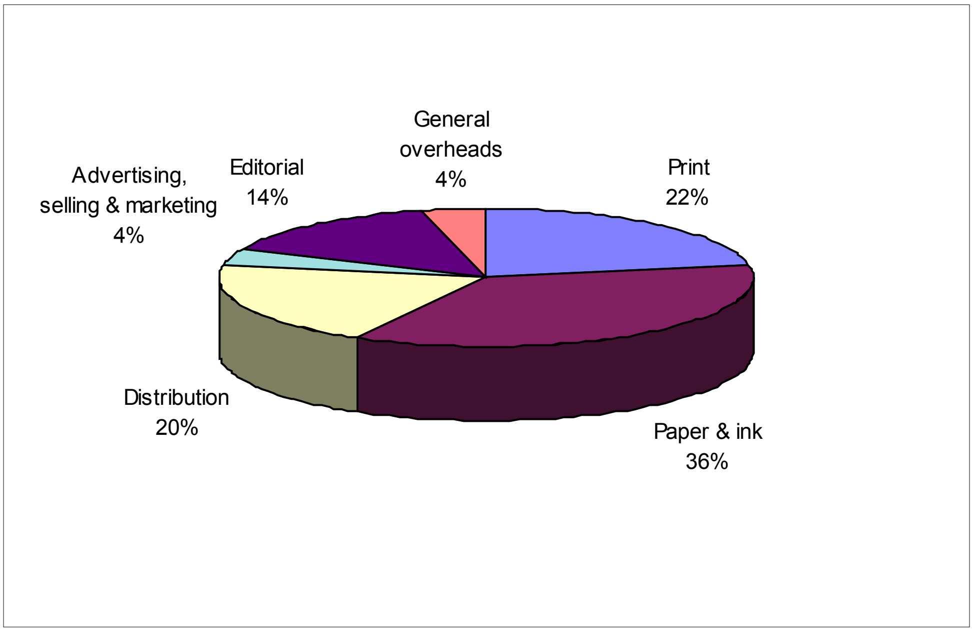
Five of Natmags magazines have a circulation in excess of 100 000. According to the Audit Bureau of Circulation of South Africa, there are only about a dozen magazines that can boast such circulation. Naspers sells two thirds of all the magazines read in South Africa, including imported magazines[25]. *Huisgenoot* has the largest circulation and is followed by *You*, with a combined circulation of almost one million copies a week. Women's magazines are dominated by the stable, with *Sarie* being the largest selling Afrikaans women's magazine and *Fair Lady* the best selling English women's magazine[26]. Natmags also has a 50% stake in *Cosmopolitan* and *Touchline Media*, which publishes *SA Sports Illustrated*, *Kick Off*, *Runner's World* and *Golf Digest*. The company has recently invested in state of the art print facilities located at Montague Gardens, Cape Town. Although the firm specialises in gravure printing, which is suited to mass consumer magazines it also has litho web printing

[20] Dark days seem over for print. (21/2/98). *Saturday Star.*
[21] Spotlight on Media. (14/3/97). *Weekly Mail & Guardian*.
[22] Looking for a local niche. (14/3/97). *Weekly Mail & Guardian*.
[23] Ibid.
[24] Merrill Lynch, Pierce, Fenner & Smith. (1997). Primedia - Lights, Camera, Action!
[25] http://www.naspers.co.za/naspers/nmags.html.
[26] Ibid.

facilities which are used for consumer specialist magazines and trade and technical magazines[27]. Nasionale Pers and Perskor distribute their own magazines, as well as those produced by other publishers.

If the cost profile of magazine production is broken down, the concentration of ownership and control in the magazine sector can be explained by the need to generate economies of scale. With the print, paper and ink and distribution process accounting for 78% of the cost of production, economies of scale are critical to profit margins.

Magazine Production - Cost Profile




[Source: Merrill Lynch, Pierce, Fenner & Smith, 1997]

### 3.2.2 Niches

Trade and specialist publications represent the largest number of titles in the magazine sub-sector, with 500 trade titles and 750 specialist titles[28]. Contract publishing - publications produced for third parties, purely as marketing exercises, such as *Sales House* or *Edgars Club* or *M-Net*'s *TV Guide* - is expected to grow considerably. These publications offer a greater opportunity for smaller design and photographic agencies to become involved in the value chain. Content is important in these publications only to the extent that it serves the purposes of advertisers by capturing a specific audience. Niche marketing in the field of magazine production is defined by the specificity of the content of the magazine that is usually addressed to a particular set of readers or target market. Increasingly all magazines will fall into this category as readers become more discerning about what they read and publishers exploit the increased segmentation of the market.

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27 Merrill Lynch, Pierce, Fenner & Smith. (1997). Primedia - Lights, Camera, Action!
28 Merrill Lynch, Pierce, Fenner & Smith. (1997). Primedia - Lights, Camera, Action!

## 3.3 Newspapers

"Successful papers are thicker and packaged into several sections and localised editions. There's competitive positioning in terms of reader demographics. But papers still don't cater well for women or children, or in fact anyone who's not a white man…(and that's not half the market that newspapers could service)." - G.Berger, 1998, p.33

The history of newspaper production has been marked by a series of continuing debates that revolve around questions concerning the peculiar relationship of a newspaper to its readers. These debates involve different opinions and tensions about the emphasis that editors might, for instance, place upon:

- The content as opposed to presentation (aligned to income from advertisement space),
- The pursuit of objectivity versus the representation of a political point of view (albeit covert),
- In-depth editorial analysis (documentary/investigative) versus broad sweep reporting,
- Local orientation as opposed to global reviews,
- Sensationalism versus sober opinions.

In South Africa these essentially (yet not exclusively) market related debates have of course been strongly influenced and skewed by the repressive policies of the erstwhile regime. One of the implications of these historical factors is that newspapers have been incapable of fully and effectively assuming their potential social role within South African society. This is evidenced by the patterns of ownership within the media, the low levels of newspaper readership penetration and significantly also in the content of newspapers per se.

According to an ABC survey of 36 daily and weekly urban newspapers in South Africa (July-December 1996), 29 were English, 4 were Afrikaans, 2 were Zulu and 1 was Xhosa. That these figures dramatically contradict South African demographics is not surprising, when one remembers that people have been actively denied access to public lines of information by a long history of censorship that has effectively curbed the development of a culture of newspaper readership. Distribution figures reveal that an estimated 1.3 million newspapers are sold in South Africa daily. Per capita newspaper consumption is around 3%, which is on par with Tunisia, India, Botswana and Brazil. This figure remains comparatively low to levels of penetration achieved in first world societies that can be as high as 60 and 80%[29]. While South Africa has 17 mostly English and Afrikaans daily newspapers, other third world countries such as Brazil far outstrip this number with 352 dailies[30].

Within the newspaper market, circulation has tended to show a downward trend, yet this has somewhat improved if latest figures are compared to those of 1996. Where decreases have occurred, (*The Citizen*, *City Press*, *Evening Post* and *Rapport*) they were in hundreds rather than thousands of units[31]. Marketing and Media Research GM Jos Kuper ascribes the overall fall in circulation of general interest newspapers to the failure to cater to diverse markets. The demands of content relevance will continue to persuade both the management and editorial staff of established newspapers to seriously review the changing profiles of their target readership.  Growth by *The Sunday Independent* has been attributed to increases in black readership in the latter half of 1997; from 4.1% in the first half to 25.8% in the second, according to Amps findings. A significant distinction between readership and sales should be introduced at this juncture. There is some unconfirmed preliminary evidence to suggest that a single newspaper is read by an average of between five and ten persons

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29 The monopoly is the message. (30/01/98). *Weekly Mail & Guardian.*

30 Comtask, 1997.

31 Dark days seem over for print. (21/2/98). *Saturday Star.*

living in very low to middle income townships[32]. In other words, sales of newspapers cannot be used as a gauge for readership. This fact may have various implications for the pricing of newspapers, for if the bulk of print costs can be recouped on the sale of advertisement space, the cost of newspapers could be reduced[33].

Independent Newspapers improved circulation in most areas, with the exception of Kwazulu Natal, which tends to be a lagging region in this regard[34]. Papers that have not been able to find or maintain a niche segment have folded. Of all the alternative publications prominent in the 1980s - *New Nation*, *Vrye Weekblad*, *Work-in-Progress*, *Speak Magazine*, *Learn and Teach* and *The Weekly Mail* - only the *Weekly Mail* in the guise of the *Mail & Guardian* has been able to survive. Not all publications have fared poorly, however. The *Business Day* has prospered with its specific business slant. In addition the *Sowetan*, and *City Press* have found growing markets.

General circulation trends are reflected below.

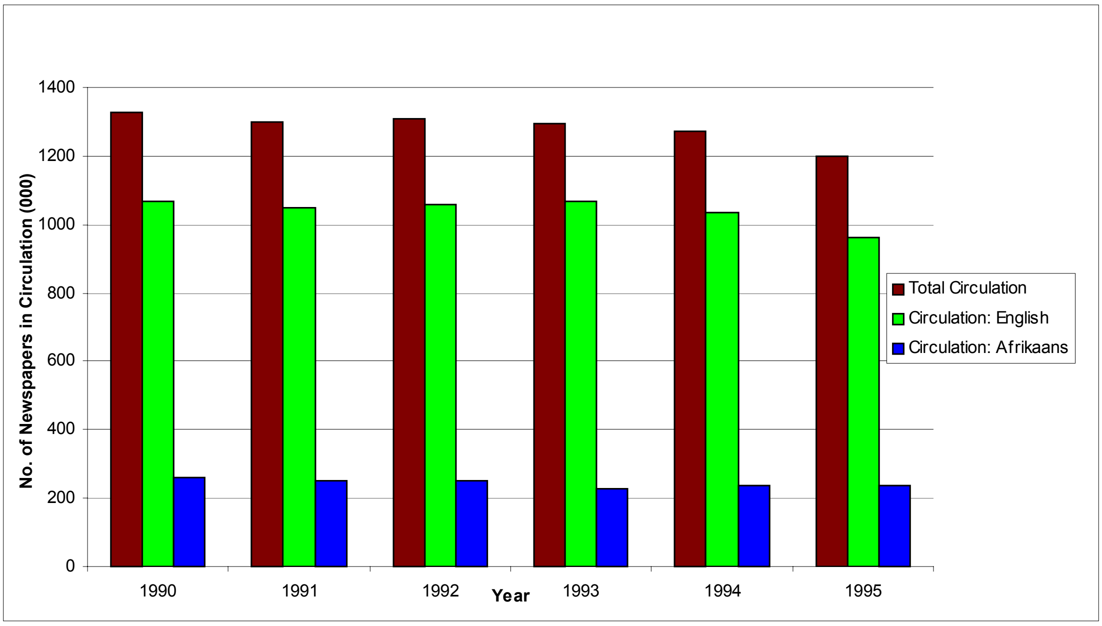


**Figure 1 Newspaper circulation 1990-1995 [Source: Audit Bureau of Circulation of South Africa]**

Like magazines, declining readership does not necessarily infer decreased profits as increased "adspend" can compensate for loss of sales. The price paid for newspapers is only one variable in a newspaper's revenue. Despite indications of declining readership, there has been a marked increase in the manufacturing of newspapers over the period 1995 to 1997. Newspaper manufacturing trends are reflected graphically below.

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32 Magazines such as Huisgenoot and You, sell advertisement space on the basis of reaching 5 persons per copy.
33 Reducing the cost of a newspaper does not necessarily increase the sale of newspapers. It is possible that selling newspapers at a reduced rate would only increase sales in a highly competitive print media market. It would appear that newspapers in most parts of the country do not function under these market conditions.
34 Ibid.

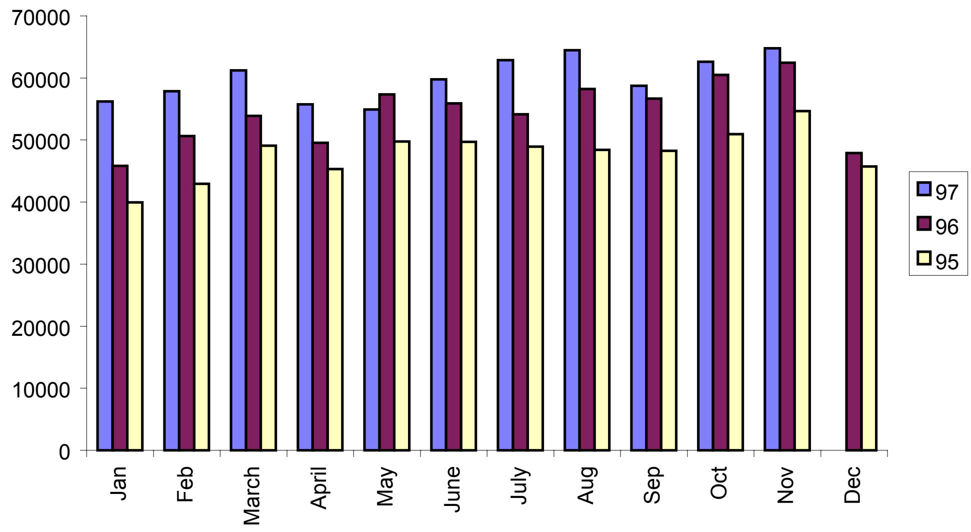


**Figure 2 Newspaper manufacturing - R'000 1995-1997 [Source: CSS, 1998 - Release P6242.3]**

An interesting factor contributing to the increase in newspapers manufactured is the rising prevalence of so-called community newspapers. One of the reasons that community and specialist newspapers are gaining preference in the market is that other forms of media such as radio and television provide an adequate supply of generalist information, but cannot meet the diversity of regional and specialist markets.

This confirms the 1995 -The Media Futures SA, findings that suggest that only 22,4% of the mass market found newspapers to be important[35]. With the prevalence of broadcast media in the delivery of news, it was found that newspapers need to be perceived as providing value for money, with a strong community focus that can deliver information beyond news-gathering. These community newspapers are moreover in many instances free of charge and contain information that is directly relevant to the local areas that they service. It is estimated that only 35% of community newspapers are sold in South Africa[36]. In many instances these papers act as bulletin boards for local events and societies. An interesting example of community oriented media is the concept developed by the American Black Media Foundation (B.M.F.), based in New York, with their publication called the *Harlem Youth Newspaper.* The paper is specifically aimed at lower income, black youths providing a wide range of services from reports on job and training opportunities, life skills information and a voice for the homeless. The B.M.F. also manages a web-site containing a wealth of information including human rights issues and archives on African American history[37].

Parallel to the rise of small-scale community newspapers are "street papers" such as *The Big Issue*, who have tapped into a different segment of the reading market and proved feasible. If community and street newspapers are indeed a successful formula for paper-based media in South Africa, their potential as a site for the growth of a newspaper reading culture is immense. It is evident that factors such as cost, relevance, accessibility and utility are central to the feasibility of these newspapers. It nevertheless remains unclear at this

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[35] Spotlight on media. (14/2/97). *Weekly Mail & Guardian.*
[36] "Fine Paper Printing Handbook", The Marketing Shop, (1998), p.8

[37] The website can be found at the following Internet address ww.bmf.net

time whether free community newspapers are in fact *read* or merely treated as ever more junk mail.

The foregoing reservations are brought into relief by a discussion with Ina Randall, editor of the *PE Express* and *PE Vision*, both small-scale community newspapers servicing the greater Port Elizabeth area and owned by Nasionale Pers[38]. Neither newspaper has a permanent staff compliment of its own both are instead parasitic upon *Die Burger* newspaper. The papers are completely dependent upon revenue from advertising, but have experienced some difficulty in attracting good advertising contracts. The *PE Vision* has for this reason been cut back from a bi-monthly to a monthly publication. The newspaper has apparently also struggled to find suitably qualified personnel to produce Xhosa articles. While there is no shortage in the potential distribution market of the newspaper, advertising revenues must be increased in order for the newspaper to grow so that it can meet the extra printing costs. Business has voted with its feet, expressing their reluctance to invest their advertising budgets in a paper that they perceive will reach only a very small sector of the market in which they presume the literacy rate is not very high. Despite these negative elements, Nasionale Pers are - without investing any further capital - endeavouring to keep these publications alive to see whether they will be a long term profitable venture.

Niche marketing of newspapers can be seen as reaching communities bound by interest. According to Sunday Times editor, Brian Pottinger, "There is a lesson in the buoyancy of the niche publications, including the business, Afrikaans, black and regional publications, which the general interest media needs to take to heart". The Independent Group in particular has focused on geographical communities reached by its dailies and has been rewarded by improved circulation. Similarly alliances with other media have also been very successful in servicing groups as has been accomplished by the *Mail & Guardian* and *Engineering News* with SAFM and *Business Day* with SABC 3[39]. Congruously publishers are beginning to assume a similar attitude toward advertising. Some publishers are beginning to offer their advertisers a “zoning option” whereby advertisements are placed as inserts for distribution in particular areas. This option provides the advertiser with a guarantee that a specified target market is in fact being reached. Advertising rates are an essential competitive component of the print media industry acting as a primary source of running capital. National advertising rates for magazines and newspapers are published in the *SARAD* directory.

The South African print media industry has for many years been characterised by a high degree of concentration of ownership and control. This has given rise to accusations that media players complied with Apartheid authorities and acted as the mouthpiece for English capital interests. A report by Robin McGregor commissioned for Comtask[40] confirmed the historical existence of a duopoly in the print media market consisting of the (Afrikaans medium) Nasionale Pers / Perskor and (English medium) Times Media Limited / Argus conglomerates. The ANC’s submission on the role of media under Apartheid at the TRC, raised concerns about the political role played by these structures. While there have been considerable shifts in ownership in the sector, control of the media remains concentrated in the hands of a few key players. According to Bruce Cohen;

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38 Interview conducted in Port Elizabeth, July 1998.

39 Spotlight on media. (14/2/97). *Mail and Guardian.*

40 Task group on Government Communications commissioned by Deputy President, Thabo Mbeki.

> *"…the crisis facing the South African press is not one of colour. It is one of control. Three companies, Independent, Naspers and Times Media Limited, hold an intolerable monopoly of ideas, information and communication".* [41]

While a large number of traditional players still exert considerable control, new players are significant. As far as newspapers are concerned, the most widely distributed newspaper, the *Sunday Times*, falls under the Omni-Media stable. The National Empowerment Consortium (NEC) exercises significant control through Times Media Limited which has a 43.2% share in Omni-Media. These trends of ownership will only very gradually impact upon the content of newspapers and do not moreover guarantee an improvement or growth in the industry.

The South African National Editor's Forum (Sanef) comprising ex-members of the Conference of Editors, the Black Editors Forum as well as journalists from the electronic media, magazine world and journalism educators[42] is an important vehicle for separating ownership from editorial autonomy. According to Sanef deputy Brian Pottinger, "Sanef was established so that senior media practitioners and educators could speak with authority on matters of concern to the industry - training and corrective action, the promotion of media freedom and media diversity". Nonetheless, one executive director of SANEF feels that change has been difficult "There are all sorts of nuances coming into the definition of media freedom. Some owners find you acquire titles and you cannot influence content because of an editor's prerogative" [43]. Furthermore, the Media Association of South Africa has levelled criticism at what they see as the continued white domination of the print media. They have the desire to see an unbundling of media so as to spread black control in the industry[44].

A precondition for development and transformation of print media that is not being adequately met at this time, is that of a skilled and representative personnel base. Submissions to Comtask argued that,

> *"journalism has been badly run down. Journalism appears to have become a depleted and demoralised profession. The little that was done to train black journalists and prepare them for advancement and positions of decision making authority placed enormous burdens on trained black journalists in the post 1994 period…The result is that newsrooms throughout the country are understaffed and juniorised*.[45]"

Some industry insiders are equally critical of the current state and quality of the print media sub-sector. John Battersby, editor of the *Sunday Independent*, was quoted for his assertion that government's criticism was justifiable given the "lack of quality and professionalism" in newspapers and that it "had a right to and should criticise the media"[46]. The editor of the *Cape Times*, views South Africa's press management as the domain of mostly white males older than 40 years of age[47].

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[41] Executive trustee of the South African Newspaper Education Trust and governing council member of the Media Institute of Southern Africa in *Mail & Guardian* (30/01/98).

[42] Media imbalances capture Sanef's. (9/5/97). *Mail & Guardian.*

[43] A vision for editors' indaba. (1998). *Mail & Guardian.*

[44] Mwasa slams white domination of the media. (23/3/98). *The Star.*

[45] Comtask. (1997). *The Media Environment - Lack of Professionalism and Training in the Media Field.*

[46] SA media in middle of turmoil and change. (20/2/98). *The Cape Argus.*

[47] Ibid.

> *Should conglomerates take in black partners who are only interested in the commercial side of operations and not concerned with the basic functions of a newsroom? This throws up the debate of whether newspapers are like any other profit-making businesses and can be run like baked-bean factories where commercial concerns are the only consideration, and the quality of the baked beans of only secondary concern.(* Mail & Guardian[48]).

A number of areas of potential growth exist within the print media sector as a whole. Much depends upon the extent to which individual publications are innovative in creating or converging with new markets and developing their established markets. New approaches to generating, analysing, presenting and distributing information are crucial. Newspapers in particular must respond to the unique economic and demographic ingredients of the Southern African market, such as cultural, linguistic, age, occupational and gender factors. These responses should be reflected in a thorough-going re-evaluation of the publication process including content, cost and overall marketing of the publications.

In conjunction with this re-evaluation of the market, print media must determine its place within the information industry vis-à-vis other forms of media, particularly audio-visual and digital technologies. These latter considerations have of course already occurred to a lesser or greater extent within different organisations.

**Synopsis of issues:**

- Newspapers and magazines are highly dependent upon large print runs if they are to be cost effective (i.e. subject to laws of economies of scale). The average size of readership per newspaper in South Africa remains relatively low. This low readership has consistently been attributed to a poor reading culture but is evidently also tied to the historical domination of these media forms by English and Afrikaans modes of cultural representation that do not necessarily appeal to a black African market. The recent appearance of a South African black middle class, with disposable income, suggests that market forces will alter this historical trend.
- According to market trends, successful newspapers have developed additional sections to their traditional publications, focussed on niche markets and employed resourceful circulation techniques[49]. Newspapers and magazines need to intersperse their run-of-the-mill content with innovative services and attractions that will capture the interests and needs of new and emergent markets, (particularly with respect to the untapped lower income groups such as rural women).
- The positive effects of employment equity policies are being felt throughout the print media industry, particularly in terms of the content of publications where a diversity of opinions has become the order of the day.
- A lack of technically skilled personnel still exists within the print media industry. There are positive trends, such as enrolment figures for relevant courses, that suggest that this fact may be reversed.
- There is a growing market in the area of free community newspapers, which promise to be highly popular amongst advertisers seeking to penetrate new and emerging black markets. Similarly newspapers that diversify by being geographically specific or focus on specific segments of the market, (such as school children, teenagers or rural women) can expect to be rewarded by increased levels of readership.
- In the print media sector, *'adspend'* is a crucial part of the revenue of the publication. Many publications would not be able to survive without the sale of advertising space.

[48] Can print remain lily-white? (1/9/96). *Mail & Guardian*
[49] "Fine Paper Printing Handbook", The Marketing Shop, (1998), p.7

> Moreover advertising involves a number of support industries in the print media sector. There is currently some discordance between the functions of the newspaper and advertising agent. Newspapers now design and print their material for publication digitally, while many advertising agents continue to produce their material on film. This fact has proven to be inefficient both in terms of time and money for newspapers. Ideally advertising agents should send their material to the newspaper in digital form, thereby accelerating the interaction between advertising agents and newspapers[50].

A number of respondents presume that the Internet and audio-visual media poses a long-term threat to the continuation of the current market for paper-based media. It is expected therefore that the future market for print media will be defined by their lack of access to the Internet, and will therefore more than likely come from lower income groups. A counter-current to this argument proposes that consumers of information (for whatever purpose) will in the future seek, products in a variety of media, ranging from paper, audio-visual to digital and beyond. Current trends seem to substantiate the latter argument.

[50] ibid., p.14

# SECTION FOUR - BOOK PUBLISHING

## 4.1 Introduction to Sector

This sector of the publishing industry is generally subdivided into educational, academic and general book publishing. South Africa is comparable to a number of other countries in that the historical development of its book publishing sector is integrally linked to the education of its people. In this sense, the history of book publishing in South Africa has been closely associated to its political and economic progress. At the close of the 19th century, several small, family-owned publishers were established, many in and around what has become the city of Cape Town. Shortly thereafter, the first of many (mainly British) international publishing houses also established operations, reflecting South Africa's status as an important member of the Commonwealth.

In the 1930s and '40s the rise of Afrikaner Nationalism was associated with the establishment of several Afrikaans publishers, mostly as part of the Nationale Pers or Perskor groups. Conversely, the struggle against apartheid led to the establishment of several "alternative" or independent publishers (van Rooyen 1996:3), such as Ravan and David Philip. The majority of books sold in South Africa today are published locally. Van Rooyen (1996), for instance, estimates that the average percentage of domestic to overseas books sold in South Africa over the period March 1989 to March 1995 was 77,8% to 22,2% respectively. (ibid.,p.4). Recent figures seem to suggest that the number of imported books may have increased to approximately 44% since 1995[51].

As the transition to democracy gathers momentum, there have been shifts in ownership and control of several publishing houses, which reflect new priorities such as black economic empowerment, the need to respond to technological advances and changes in media and entertainment industries around the globe. Nevertheless, with few exceptions, book publishing is predominantly white owned and controlled and while the industry has experienced growth outside of educational book publishing, books are bought by a relatively small percentage of the South African population. These aforementioned factors are moreover, closely related to the high establishment and operational costs of book publishing and the impact of an undeveloped reading culture. The reality of this poor reading culture (determined by the relatively few people who *buy* published materials), is the fact that book reading and book buying, remains a luxury for most South Africans. The primary reason for this state of affairs is the fact that many do not have the money, the time or the place to obtain the pleasure of books.

The book publishing industry in South Africa directly employs approximately 2800 people and is worth around R1.5 billion per annum. This figure is divided between three main types of publishing:

- General or "Trade" publishing accounts for approximately 30% of the total and includes fiction and non-fiction titles. The majority of titles sold are in the non-fiction category which, for example, accounts for more than 90% of local book sales reported by the CNA retail chain (van Rooyen 1996: 4).
- Educational publishing for schools is by far the largest segment and accounts for 58% of the total. Almost all of South Africa's larger publishing houses are to some degree involved in textbook provision, which is in many ways the backbone of the industry.
- Academic or tertiary educational publishing is the smallest segment of the industry,

[51] ibid.,p.59

accounting for some 12% of books produced, mainly for universities, Technikons, teachers training colleges and private colleges.

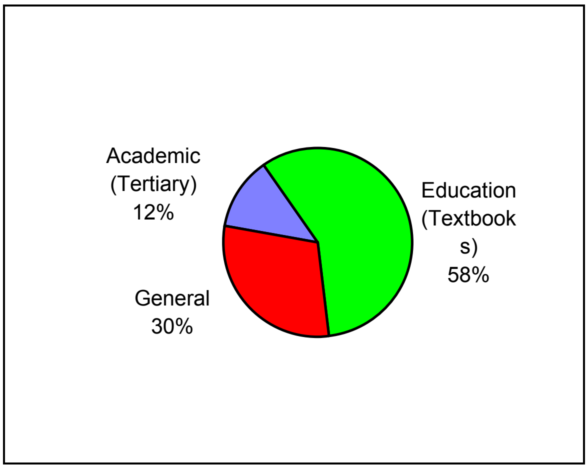


**Figure 4: Book publishing revenue in South Africa [Source: BCDSA]**

Within the South African book publishing industry as a whole the largest competitors are Perskor Publishers, Nasionale Pers and Kagiso[52]. Other large players include branches of multinational corporations as well as independents such as Juta, Maskew-Miller Longman, Van Schaik, Macmillan, Heinemann, Oxford University Press, Cambridge University Press, Shuter & Shooter and Hodder, Struik and Stroughton Educational.

## 4.2 Educational Publishing

Educational book publishing is central to the publishing industry of most countries. The provision of school textbooks is correctly viewed by most people in the industry as the backbone of South African publishing. Of 130 publishers surveyed by the BDCSA[53], up to 70 were involved in educational publishing. Eight of the ten firms with an annual income greater than R20m only produced textbooks.

Over the period June 1997 and June 1998, the educational book publishing sector fell into crisis primarily as a result of a shortfall in Education Department spending on school text books. Government expenditure on privately published textbooks was cut by almost 49% between 1995 and 1997[54]. The devastating implications of this crisis for book publishers is that it could threaten the long term survival and profitability of the book publishing sector as a whole.

[52] BDCSA 1997, p. 80.
[53] 1997, p. 80.
[54] “Fine Paper Printing Handbook”, The Marketing Shop, (1998), p.49

The value of all text book units manufactured (1995-1997) is represented below:

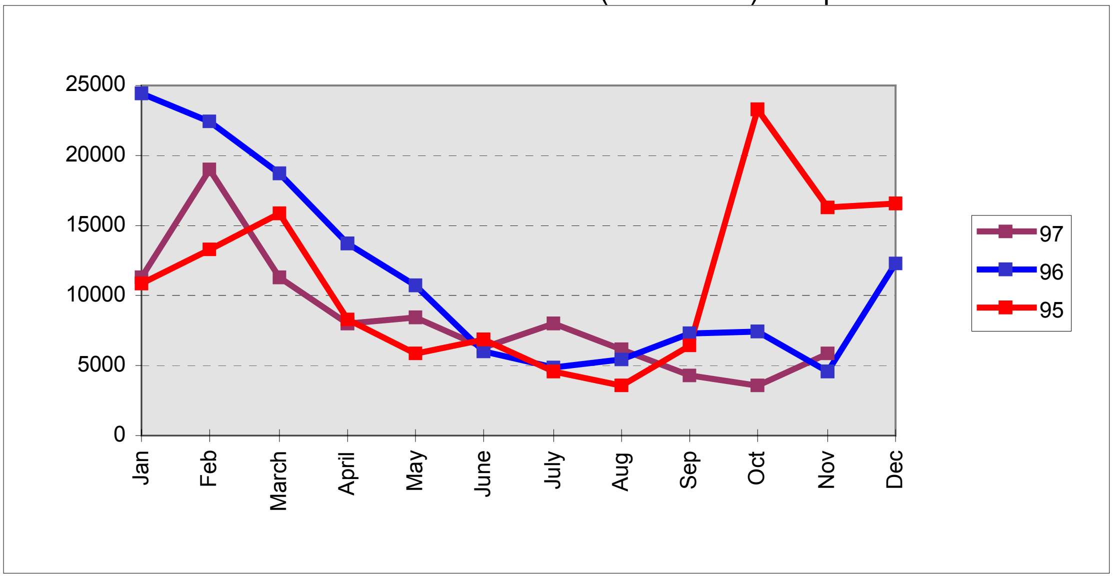


**Figure 5 Value of textbook manufacturing 1995-1997 [Source: CSS, 1997 - Release P3051.2]**

In order to understand the current situation, it is necessary to place educational publishing in its proper historical context. During the apartheid era the education system was divided between 17 education departments. The effect of this situation was a significant degree of fragmentation in the provision of textbooks. In addition, aspects of the system were characterised by inefficiency and corruption. The legacy of this inefficiency and mismanagement has been inherited by the new government, the North West government, for example, recently paid R74m for text books that were not delivered and has now laid criminal charges against 10 provincial education officials[55].

A key objective of the new government has been to fundamentally transform the entire education system. Two crucial aspects of this process of restructuring relate to the introduction of an entirely new curriculum for state schools and a rethinking of the way in which the state procures textbooks.

Under the new constitution, education is a provincial competency. This means that the task of the national department is to set policy guidelines and targets for provincial education departments. The Finance and Fiscal Commission (FFC) determines the provincial budget allocation according to a nationally agreed formula. It is then up to provinces to allocate funds according to their own policy objectives and in accordance with national goals. Provincial departments are therefore able to determine the portion of education expenditure which is to be allocated to textbook provision.

The short term result of this arrangement has been to create a situation where there is a significant degree of uncertainty amongst publishers as to what is expected of them by provincial education departments. A number of divergent factors have compounded this problem:

- Provincial Education Departments are faced with shrinking budgets as a result of the increased cost of providing education to all scholars at a uniform standard. This fact has persistently complicated the process of efficient textbook provision and teacher training for Curriculum 2005.

[55] Suppliers under investigation for textbooks that were not delivered. (11/2/98). *Business Day*.

- Teachers salaries have been negotiated at national level with the result that provinces effectively have less control, over their education budgets.
- Severance packages were negotiated at national level and were not budgeted for in some provinces
- The planned re-deployment of teachers has proved difficult to effectively implement.
- There is reportedly a lack of capacity and skills in some provincial education departments which has further exacerbated difficulties in planning and implementation of new education policy.
- Publishers were given six months to commission, edit, trial and deliver materials. Some publishers required more time to properly complete this process.
- Some departments have not yet appointed boards to evaluate materials - this has resulted in further delays in the publication and delivery of books.

The Department of Education has embarked on a shift towards Outcomes Based Education in the form of Curriculum 2005 which among other ideas “envisages a gradual shift from the use of textbooks in classrooms to modern high-tech systems such as the Internet, compact diskettes and computers”[56]. The aim of the new curriculum is to equip young South Africans to actively participate in the global community of the future and is in some senses based on the concept of developmental “leap-frogging”. This is ambitious given that in many cases, basic infrastructure is not in place. At present it is estimated that only 49% of schools have a sufficient number of text books[57]. According to Dr Louis Kriel, chief education specialist of the national Department of Education, materials are an essential support for the curriculum. To the disdain of a number of publishers, the Department has spent R5.4 million on printing booklets for teachers and pupils to cover the first term, but only slightly over a month before the end of the term, many schools, especially those in the Northern Province and KwaZulu Natal, had not received the booklets[58]. This has serious implications for the implementation of Curriculum 2005.

Education accounts for the largest item of government expenditure in South Africa. In 1996/97, R35.2 billion allocated to educational spending[59] while in 1997/98 the allocation was R36.7 billion. Approximately 15 percent of the total is allocated to the national department while the remaining 85 percent is divided between the provinces.

Despite the size of these budgets, publishers have reported drastic cuts in orders for textbooks. Lindelwe Mabandla - representing textbook publishers - indicated that orders have only been received from the Eastern Cape and North West this year[60]. This uncertainty not only affects publishers, but printers who are expected to meet large orders in addition to printing other publications. This results in production bottlenecks and delays in the delivery of books.

Managing Director of Maskew Miller Longman, Fatima Dada, indicated that provinces intended to spend R200m on books this financial year, that is R14 per child[61], a drastic cut from the R900m spent in 1995/1996, and R500m in 1996/1997.

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56 Towards tomorrow’s school system. (8/4/97). EMail & Guardian.
57 Budget cuts leave pupils without books. (1997). Saturday Argus.
58 According to a survey conducted by the Sunday Times (22/2/98).
59 Budgetary figures are quoted from Greenstein, R. (1997,15 June). New Policies and the Challenges of Budgetary Constraints. Quarterly Review of Education and Training in South Africa. 4 (4) WITS EPU.
60 Please, Mr Mandela, may I have a book? (22/2/98). *Sunday Times.*
61 Ibid.

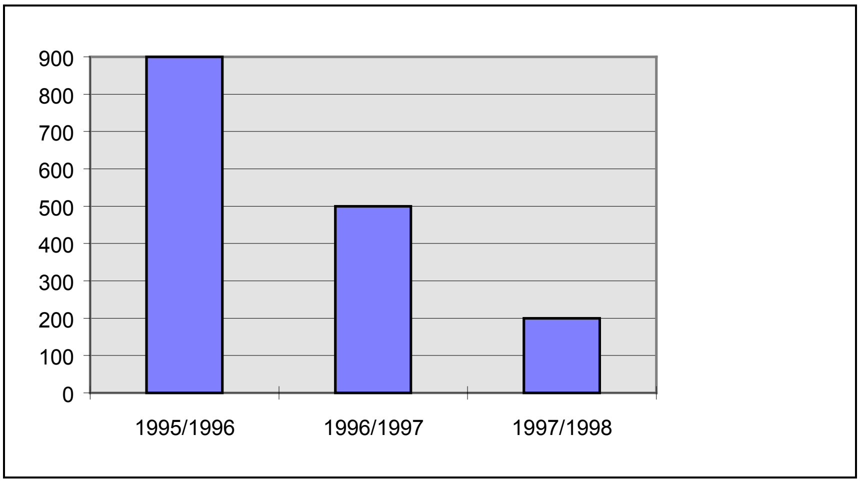


**Figure 6 Provincial spending on text books (R million) [Source: The Argus]**

The impact on the educational publishing sector has been nothing short of devastating. Publishing companies interviewed had lost between 35% and 80% of their revenue. One company is sitting with a warehouse full of books printed in anticipation of orders which never materialised. Nasional Pers attributed poor overall performance to its text book division during the presentation of its Annual Report last year. It has established a National Educational Group, together with Thebe Investments subsidiary Vuna in order to address specific educational concerns. A similar strategy has been adopted by Kagiso Publishers subsidiary Educum[62] which is linking projects to Curriculum 2005 materials.

Nor is the effect of the crisis limited to the publication of textbooks. Most educational publishers cross-subsidise marginal projects with profits generated by large print runs associated with textbooks. The fall-out from the textbook crisis will therefore impact on the viability of producing South African literature, which is often characterised by low margins. Approximately 550 people have lost their jobs, a figure which amounts to 44% of educational publishing staff. In KwaZulu-Natal, only one contract was awarded (to a subsidiary of Nasionale Pers), all the other educational booksellers went out of business. (Source)

At the time of writing there were signs that the crisis seemed to be running its course. In the Western Cape an innovative move on the part of the provincial education department was to devolve the responsibility for ordering textbooks to schools. The result has been to make schools accountable to parents and the community, and in an unexpected development there has been the overnight emergence of a vibrant book supply sector focused on delivery of textbooks to schools. Other provinces are arguing that teachers lack the necessary skills to select books and understand the new requirements of Curriculum 2005. The problem appears to lie with the absence of clear lines of communication between provincial education departments, teachers, PASA and booksellers.. In this regard the Publishers Association of South Africa (PASA), in their *"Suggestions for Textbook Provision - April 1995*), proposed the following:

> "PASA and the other role players in the supply chain, such as paper manufacturers, printers and booksellers, would appreciate
>
> - the publication of clear, detailed and unambiguous procedures with regard to

[62] The result of a R200m buy-out of Perskor by Kagiso Publishers - now estimated to be largest educational publisher in South Africa.

whatever system is followed,

- an annual joint meeting with the Department in order to iron out problems and discuss improvements to the supply chain,
- the negotiation of a code of conduct which would be binding on all participants in the supply chain, departmental officials and teachers,
- a means of anticipating demand, that will enable paper manufacturers to produce sufficient paper, printers to even out capacity , publishers to maintain reasonable stock levels, and booksellers to meet the needs of students and schools." (1995, p.5)

As the foregoing discussion of the textbook crisis demonstrates, it is vital to the performance of the educational publishing sector that the relationship between education departments and publishers is clarified and formalised. Textbooks remain a crucial component of education delivery in South Africa today. Despite the future aims of Curriculum 2005, developing the critical cognitive skills of children cannot at this time be accomplished without books for both teachers and pupils. It is hoped that the Department of Education will find ways of resolving the inability of provinces to meet their budgetary constraints and thereby order the necessary materials to support Outcomes Based Education. Conversely book publishers cannot remain dependent on textbook provision and the industry needs alternative strategies for growth in other areas of the market.

## 4.3 Academic Books

It is estimated that 30% of academic books are produced by local publishers. This constitutes a R200m market; of which R100m is spent on textbooks and R100m on libraries. Most of these locally produced books are bought by Technikon and Unisa students.

The main issues facing this segment of the book publishing sector are threefold:

- Threat of international competition: international companies are often able to supply academic books at a lower price due to the fact that they have larger print runs. Foreign booksellers are also more up to date with global trends and are able to print highly specialist books for niche academic markets.
- Due to the exorbitant cost of academic books and the increasing cost of tertiary education, there has been an increase in photocopying of these books at tertiary institutions, both on the part of staff members preparing reading packs and by students themselves.
- There are at present few incentives for local academics or editors to produce books that are locally oriented. Foreign publishers such as Routledge and Blackwell are well established brand names in academic circles, who are receptive to a broad range of academic subjects. The books that that they produce are of a high quality and can be aimed at a wider, international reading market. Academics who do have books published by a university press, do not tend to gain much exposure or financial reward for their publications. Academics have for this reason turned to foreign publishers to have books published with international rather than local appeal.

South African academics are faced with a variety of options in terms of publishing books through the publishing facilities of their institution. A relatively recent approach is the "anthologising" of journal articles in the form of a book. These articles would have been written over a long period of time in a range of different journals. In such cases, journal editors are approached for permission to republish articles. The articles are then scanned or submitted on disc to the university publishing room. If articles had not been previously published, an institutional publications committee adjudicates the manuscript and makes suggestions for improvements and changes.

From this point forward, the process of publication is much the same as in a corporate publishing house. Some in-house university publishers in South Africa publish books on a not for profit basis and simply wish to cover costs on the sale of books. These books are by and large sold at a rate far below the market value for equivalent publications.

The threat of international booksellers should be regarded as a spur for increased innovation and competitiveness in the academic book market place. South African academic book publishers must find ways of successfully marketing South African books in Africa and around the world.

With the recent devaluation of the rand there may be opportunities for local book publishers to compete on international export markets, particularly in the field of academic books where the domestic market is currently, strongly dominated by imports. Market research into the potential for South African publishers to print books on behalf of foreign authors should be undertaken, particularly in the fields of high quality, specialist books and in the area of the re-publication of editions.

Once again it is important to stress that, since academic books fall within the field of public education, they ought not to be subject to VAT. By reducing the cost of academic books students will be encouraged to purchase books for themselves rather than infringe upon copyright by photocopying books. A further possible solution to the problem of copyright infringement might be for publishers to compile readings on specification from tertiary institutions, as an alternative to the current practice where lecturers and tutors do so. In any event it seems advisable that closer interaction between institutions and publishers be encouraged.

## 4.4 General and Trade Books

General and trade books is an extremely diverse category, including paperback and hardcover, fiction and non-fiction books over a very broad range of topics. These books can be divided into the following general groupings:

- *Novels and other fictional literature* such as children's books, poetry, bestsellers and humour.
- *Personal advancement* titles such as esoteric, religious, business gurus and popular psychology.
- *General interest non-fiction* such as cookery, gardening, feng shui, health, carpentry and sport.
- *Special interest non-fiction* books such as science, philosophy, history, art, politics, and reference.
- *Manuals and guides* such as travelogues, maps, language manuals, computer manuals, "how to" and "the idiot's guide to" books.

Paberback "bestsellers" account for the largest portion of the total general and trade books that are sold in South Africa. A further high growth area is that of computer manuals, in which there has been an approximately 40% increase in the volume of sales over the period 1996 to 1997. It is estimated that the industry is worth around R40 million, 95% of which are books imported for local distribution[63].

Despite the crisis in text-book production, some areas of book publishing are flourishing. For

[63] "Fine Paper Printing Handbook", The Marketing Shop, (1998), p.57

example Cape Town publisher Struik has expanded its operations to Australia, focusing on its traditional niches in tourism, sport, Christian publications and maps. It has been found that the market demand for these products is fairly stable and therefore resilient to economic downturns as changes in prices do not considerably affect sales.

International distribution and sales allow the company to generate economies of scale. In addition, Struik strengthened its position by purchasing the publishing rights for AH and AW Reed and Reed Australia's Illustrated, all of which fall under the UK based Reed Elsevier Group[64] including New Holland Australia, which is entirely owned by Struik and a marketing and distributing agent in London. Together these acquisitions place Struik in the top five general book publishers in Australia[65].

The number of book titles in South Africa, has in fact, illustrated an upward trend:

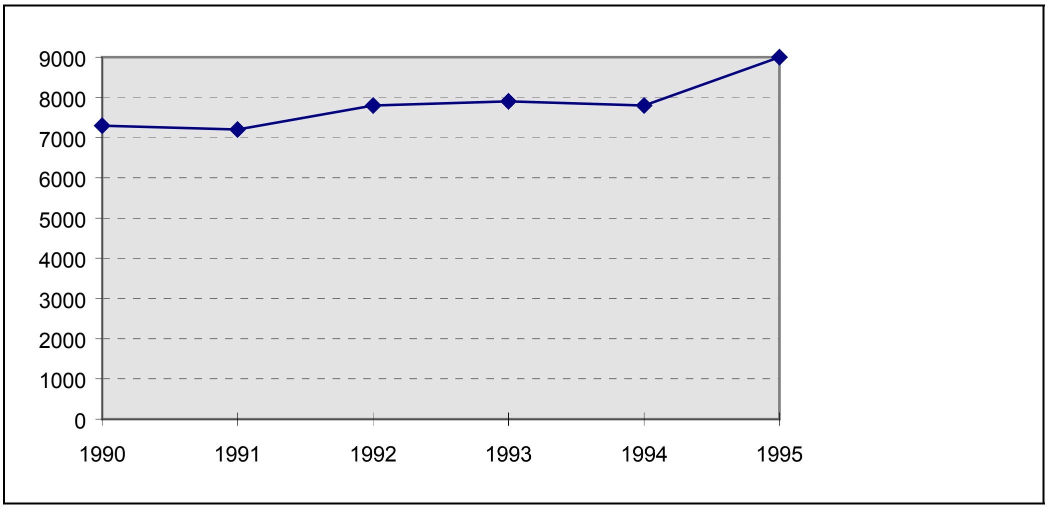


**Figure 7 Annual book title production 1990-1995: South Africa [Source: International Publishers Association, 1998]**

This trend is not in contradiction with comparative experience. The number of books being read has grown with an increase in the number of people reading throughout the world, as well as a rising volume read per capita.

[64] Reed Elsevier has a stake in SA Foreign trade organisation's publishing business, now named Reed Business Information SA, as well as a 100% stake in Butterworths and 100% share of Heinemann.
[65] Multimillion deal with UK publishing group. (6/10/98). *Cape Argus*.

## 4.5 The Book Publishing Value Chain

The following diagram provides an overview of the book publishing value chain:

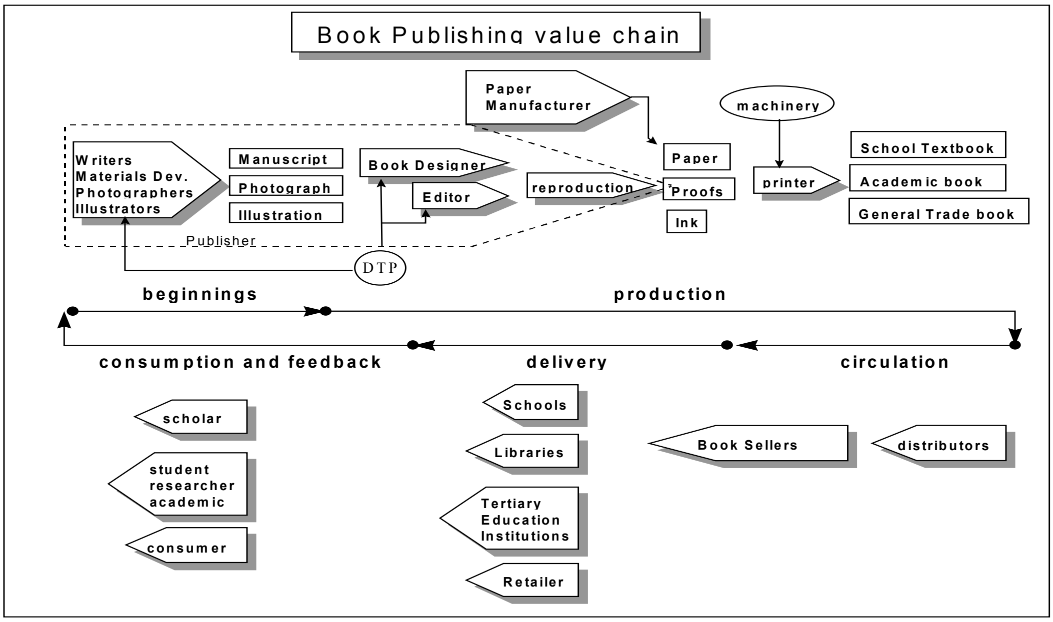


**Figure 8 The book publishing value chain**

Using the Landry approach, the value chain has been divided into beginnings, production, circulation, delivery and audience consumption and feedback.

### 4.5.1 Beginnings

The process of producing a book naturally begins with the ideas, knowledge and creativity of the writer. The task of the publisher is to convert the original content produced by writers into book form, in a way that is responsive to readers' needs. The first step in this process is to produce the manuscript. In most cases this involves collaboration between the writer and a commissioning editor employed by the publishing house who effectively manages the process, and may often play a role in the development of the content of the work by ensuring that the book responds to market needs and trends. In many cases the publisher acts as the originator of the work and will commission a book to address a particular gap in the market, or a particular brief. In South Africa, the predominance of educational book publishing reinforces the need for collaboration between authors and commissioning editors, since textbooks are generally required to conform to a specific syllabus.

The importance of the issue of commissioning should not be underestimated, since it is the source of some controversy amongst writers, many of whom resent the perceived "gate-keeping" role of publishers in general and commissioning editors in particular. This is exacerbated by the fact that the history of writing in South Africa cannot be separated from the history of apartheid and a "splintered and unevenly developed literature" (BCDSA 1997:43). The perception remains that white English and Afrikaans language authors are at an advantage over their black counterparts, especially those who are writing in an African language. It has been suggested that, "publishers are biased against previously disenfranchised people on the grounds that they do not have an appropriate style of writing, or because there is no market for general books which are on the fringes of mainstream publishing" (BCDSA 1997:45).

This foregoing argument is countered by the fact that the market demand for English and Afrikaans books has historically been greater than for other South African languages. This demographically asymmetrical demand can be explained by the fact that book buying is to a large extent a luxury market item dependent upon disposable income. The impoverishment of the black component of the South African population through apartheid policies effectively excluded them from the purchase of books. Furthermore, the predominance of the English language - linked to the internationalisation of English and American culture - has created the powerful perception that English is a socially and economically indispensable lingua franca. A further outcome of this perception is the devaluation of African languages. In other words many black readers will read English books rather than a book written in their home language. Since publishers have been largely chained to the demands of the politically warped market, the only way out of this impasse (over and above the time required for the impact of political transformation) is the active development of a multilingual South African reading culture.

The key problem areas associated with materials development and the origination of content can be therefore summarised as follows:

- A history of uneven development and fragmentation in terms of race, language and gender;
- Perceptions that the commissioning of books, especially in the education sector, undermines creativity, innovation and the development of a vibrant and diverse literary culture;
- Lack of skills on the part of writers in terms of meeting the requirements for producing manuscripts that are of a publishable standard;
- The lack of a proper support structure and environment for writers, very few of whom are able to make a living from their work.

These problems are not new, and many are not unique to South Africa. In fact there have been numerous attempts to address these and other issues in book publishing, often with limited success. The problem seems to be that such initiatives usually fail to create an understanding of common interest between the various stakeholders involved in the process.

### 4.5.2 Production

Traditionally the production process in book publishing begins once the manuscript (including all illustrations and photographs) is complete. The copy-editor at the publishing house performs a detailed check through the manuscript in terms of content, style, grammar, spelling, consistency and numbering. The author checks the document again, and the copy-editor and author confer on their queries regarding the manuscript. The text then goes through the stages of typesetting, galley proofs, setting of page layout, page proofs, camera-ready copy, and is then finally ready for print. The book is then printed in sections, bound and dispatched. The average time period taken to print a book in South Africa from initial completion of the manuscript to the completion of printing is between six and nine months. (van Rooyen 1997: 133)

The advent of desk-top-publishing (DTP) has considerably altered the process described above. DTP allows for the production of an electronic manuscript that can be copy-edited and manipulated on screen. This has the potential to considerably reduce the time taken to produce page proofs, with an associated reduction in cost. In practice such savings are often off-set by the fact that many editors and designers remain comfortable working on paper, and that some of the cost savings are absorbed in expenditure on information systems and their support. Many people working within the industry are of the opinion that, the full benefits of DTP have yet to be realised but that the trend is shifting towards a completely digitised process.

The second part of the production process is the printing of the book. This usually takes approximately six weeks. The key issue to be considered, however, is not the length of time for printing but the length of the print run and its impact on the unit cost of the book.

Any discussion around reducing the overall price of books in South Africa needs to address the issue of print runs. Simply put, the prices of books are not going to come down unless print runs are increased. At present short-run technology is not yet widely used or generally available and the margins on low print runs remain very tight. In South Africa, such low print runs apply to almost all of the general trade books on the market. It should be noted that most publishers tend to cross-subsidise their marginal titles using profits generated from larger print runs producing say textbooks. In terms of academic and educational publishing, booksellers play a crucial role in circulation. As described above, the present crisis in educational publishing is the key element impacting on book retailers, some of which have closed down as a result of the uncertainty in the sector.

### 4.5.3 Delivery and Circulation

Delivery of books essentially occurs through:

- Book Distribtors
- Book shops, newsagents and other retail outlets
- Schools and other educational institutions
- Libraries
- Book clubs
- Book Fairs

#### Book Distributors

There are a total of 195 book distributors across the country. These distributors have supply depots that are linked to printers, publishers, retailers, schools and libraries.

#### Book stores

There are approximately 498 stock holding book retailers in South Africa. Of these, 320 are branches of the C.N.A. There is an estimated ratio of 1 shop to every 86 500 people that turn over an estimated R300 million per annum in book sales. There are a further 500 independent booksellers more evenly spread throughout the country.

Traditionally, the retail and distribution of books was dominated by the CNA Gallo group, which owned the *CNA* chain of newsagents as well as the upmarket retailer, *Exclusive Books*. This situation has shifted somewhat with the unbundling of CNA Gallo and the emergence of *Facts & Fiction* in competition to *Exclusive Books*, and *PNA* in competition to *CNA*. In the educational sector the distribution of books traditionally occurred through publisher-owned or private book-sellers.

In the Western Cape there has been a substantial increase in the number of small, privately-owned booksellers due to the procurement system which allows schools to purchase books.

The number of niche outlets, catering to specific markets has risen over the past few years. These outlets are increasingly becoming a component of leisure retail complexes, with coffee shops often attached to premises. Branches also have individual characteristics, focusing on customer profiles.

Products mixed for different localities giver different weightings to "edutainment" areas for children, multi-media products and a number of "how to" books, with regard to business, computers and personal development skills, often aimed at the growing upper income black market. In general the existing market is adequately served through these outlets - the most important issue is in relation to new markets and the need to stimulate the delivery to areas and localities which have previously not had access to books.

## Book clubs

Boniface (1997:7)[66] identifies book clubs as "one of the largest book-buying powers in the country". These present policy makers with an important medium of delivery. The successful sale of Afrikaans fiction has been attributed to existing infrastructure.

Book clubs can be loosely grouped into two categories:
- commercial; and
- informal/social.

Commercial book clubs include:
- Leserskring/Leisure Books
- JP van der Walt and Seun
- Knowledge Unlimited

Book clubs are significant as they can interface with other media. The *Oprah Winfrey* version has been tremendously important in assuring best sellers in the United States, although detractors believe that it has given rise to "lite" reading - that is, reading as easily digestible as the television show publicising it. Nonetheless, in the publisher and authors' favour, *The Nation*[67] estimates that appearance on the show can push sales up by 1000%.

**Fact Box - Book clubs**

Leserskring/Leisure Books

This group obtains their books from publishers at a 68% reduction and then sells them to their members at an average price of 20% less than retail (Boniface, 1997). They have a membership in excess of 250 000 and sell over 1.5 million books per year. Joubert cited in Boniface(1997) has argued that Leisure Books buys mainly from Tafelberg and Human Rousseau, all three of which are owned by Nasionale Pers.

JP Van Der Walt & Seun

Distributes mainly Afrikaans language books, with an emphasis on romantic book publishing and a women's interest club. It also has a general title list. Membership is put at a "couple of

[66] Boniface, S. (1997). *From text to textual community: book clubs and their readers*. Unpublished BA (Hons) research report, submitted to the Department of African Literature, University of the Witwatersrand.
[67] Miller, M.C. (1997). The Crushing Power of Big Publishing.

tens of thousands" (Boniface, 1997)

### Knowledge Unlimited

Knowledge Unlimited has two book clubs:

- The Young People's Book Club; and
- New Walt Disney Book Club.

The Young People's Book Club has a membership of approximately 6 000. Whilst the New Walt Disney Book Club has a membership of about 27 000. It is estimated that the black children constitute about 10% of the membership of these groups (Boniface, 1997).

Knowledge Unlimited has tried to increase the number of black subscribers through two initiatives. The first was called "Books for Africa", which was only initially successful. Failure was attributed to credit control problems as well as the poor postal services. The second initiative involved the translation of the best story books into nine African languages for library submission. After an initial positive response from libraries, there was no re-ordering.

## Libraries

According to the BDCSA, there are approximately 2000 libraries in South Africa, with government expenditure on libraries amounting to approximately R55 million per annum. Libraries are an essential leverage area in which public spending can be used to develop the publishing sector, there appears to be a policy vacuum regarding libraries' purchasing policies. Typically, library budgets are the first to be slashed in the face of financial crisis. Whilst some provinces have moved ahead with developing new policies, this does not appear to be a general trend. Further, there exists no new national policy within which provincial library services can formulate their purchasing policies.

It is estimated by the BDCSA that libraries are utilised by only 8% of South Africans - these libraries are classified in the table below:

| Type | Number |
|---|---|
| Provincial | 1 512 |
| Tertiary | 88 |
| Specialist | 456 |

**Library types: [Source: Adapted from BDCSA 1997: 14]**

According to June Moshoeshoe, Director for Provincial Library, Information and Archives Services in the Eastern Cape, the focus of libraries is on education and development:

> *"The recreational side of our libraries has to take a back seat. And we do not apologise for that … We are not looking at libraries as buildings anymore … The idea is to cluster around service delivery points. We have identified the teacher training colleges, because they have the space, as the locations for these points. From there boxes and bags of books can circulate around schools. Librarians are being retrained as education officers.*[68]"

[68] Quoted in Sorry, no Wilbur Smith at the Library. (8/10/97). *Electronic Mail & Guardian.*

The literacy organisation, Read, and the Institute of Training and Education for Capacity Building have been partners in aiding the province with the strategy in delivering materials and training librarians in their effective management[69]. District councils have been approached by Moshoeshoe with regard to the conversion of disused buildings as resource centres. The province's initiatives might well be seen as a pilot project for more effective management of libraries as a community resource.

## Book Fairs

Book fairs are important events for the wholesale of general and trade books. The largest and most important book fair is held in Frankfurt where 9587 publishing companies from 107 countries exhibit their products. 1997's Fair saw an increase of 351 (3.7%) over 1996[70]. Unsurprisingly, the largest delegation is German (2534 companies), followed by the British (905) and Americans (800). Of the 306,476 titles exhibited, 79,898 are new. Electronic media saw 1620 exhibitions - an increase of 5% from 1996. East European countries were found  more commonly than previous years.

The South African delegation was sponsored by the DTI and represented by Unifoto International, Juta, Oxford University Press, educat distributors, Know Africa, Maskew Miller Longman, Hibbard Publishers, Lux Verbi, Vivlia Publishers and Booksellers, Queillerie, Metz Press, JP van der Walt and Son, Kima Global Publishers, Gecko Books, Witwatersrand University Press and Fantasi. According to Fair Director Peter Weidhaas, "we are seeing a weakening in the boom of recent years … This reflects the situation on the market which has not been developing very positively over the past twelve months".

There is no international scale book fair in South Africa, although the Zimbabwe Book Fair has important implications for regional integration and valuable lessons for South African industry organisers and may point to a possibilities for emulation. A survey was conducted at the 1997 Zimbabwe International Book Fair the results are listed in the Box below:

### Survey of Zimbabwean Book Fair Exhibitors

270 direct exhibitors representing approximately 450 publishers from 53 different countries. There were 108 Zimbabwean exhibitors; 40 Sub-Saharan exhibitors; and 25 South African exhibitors. In 1996 there 260 direct exhibitors representing 42 countries.

The majority of exhibitors use the show to make new contacts, raise their profile, generate sales, negotiate co-publishing agreements and make distribution arrangements.  The intention of the ZIBF primarily establish relationships to build the industry:

- Before the fair there was a two-day conference on improving trade in the sector.
- A number of workshops were held during the conference in order to improve writing and marketing skills.
- The Pan African Booksellers Association emerged out of the ZIBF

## Synopsis of issues:

- Book publishing in South Africa is dominated by the education requirements of a very young population and services a relatively small actual reading culture. Practitioners

[69] Ibid.

[70] Details obtained from http://www.frankfurt-book-fair.com/pages/sonstige_presse5-e.html.

within the industry refer to this as the problem of "aliteracy" – the ability to read but choosing not to[71].

- The high cost of books in South Africa are effected by raw material cost, (PASA committee on paper estimated that raw materials account for 13% of the final retail price of a book and approximately 25% of the production cost of a book) [BDCSA Report - 1997, p.138]. The raw material cost of a book must nevertheless be seen in the context of the relatively small print runs currently dealt with in South Africa. In other words, the material cost of a book could be offset by larger, more profitable print runs. Furthermore, since the size of the book market remains small and undeveloped it would be difficult at this time to increase the size of print runs.
- The book supply chain is regarded by many book publishers as slow and inefficient. More sophisticated requisition procedures are needed in order to deal with this inefficiency.
- Some publishers have expressed concern that book buyers were looking to overseas suppliers for books, through for example the Internet and more competitive, foreign wholesalers.
- The enforcement of copyright on books, with particular respect to textbooks requires careful consideration. The photocopying of material is seriously effecting the publishing industry. Some countries, such as Australia have initiated various policies to curb copyright infringement[72].
- Publishers felt that the government should not become involved in publishing, particularly with regard to educational materials. Some expressed a desire for the complete privatisation of all government publications including the Government Gazette. Tenders should be made available to provide smaller publishers an opportunity to compete for larger print runs.
- Most publishers expressed their backing for the idea of wavering VAT on educational publications. This is also in line with the recommendations of the BDCSA that, "public expenditure on books …should not be subject to VAT." [BDCSA Report - 1997, p.137]
- There is a need for trained technical and support staff in book publishing sector.
- Efforts to create a reading culture in South Africa must be strengthened. Book publishers expressed a need for advertising on T.V. and radio. A reading culture must be seen as a national priority integral to the process of nation building and economic development.
- There is a lack of accessible book shops. Since booksellers have only marketed to traditionally white markets in terms of both subject matter and location, perceptions surrounding book retailers is that they are exclusive. The number of booksellers is also limited in many parts of the country therefore offering publishers a limited and in some cases narrow customer base for completed products.
- The process of establishing discount and rebate agreements between booksellers and publishers may require some review (Some book clubs receive an almost 70% discount, while CNA obtains, in some cases, a discount of, in excess of 60% on books). Such a discount structure seriously impacts upon the profits of smaller publishers who are dependent on higher profit margins for smaller print runs.
- Community libraries must be funded and supplied with trained staff capable of providing a proper service to underprivileged sectors of the population. It may be possible to facilitate this initiative in conjunction with private sector support. For instance, a number of large companies currently support Adult Basic Education programmes for their staff. It may be possible to integrate these programmes with micro-libraries at factory level for staff members. The stock of books at these micro-libraries would be rotated by the nearest public library on a monthly basis.

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[71] "Fine Paper Printing Handbook", The Marketing Shop, (1998), p.7

[72] Cf. p.75

- Incentives for indigenous authors must be made available, through for example scholarships and competitions.
- The DACST in conjunction with the DTI could devise tax breaks schemes for publishers wishing to export titles, particularly to members of the SADC.

# SECTION FIVE - Electronic Publishing

## 5.1 Introduction to Sector

The technological advent of global networks of digital media is arguably one of the most complex, confounding and rapidly expanding features of the late twentieth century. Electronic media is one of the fastest growing and most lucrative industries in the world today. Hans Geyer, Vice President of Intel[73] argues that "One big reason for optimism about the global economy is technological innovation …It has the power to turn laggard nations into pacesetters". Advancements in computer hardware and software technology has radically transformed the capacity, scope and quality of information presentation and communication. South Africans have by and large proven quick to recognise the potential of these new technologies and also fortunate to have fairly well established urban, telecommunications infrastructure. As ease of access to the Internet increases - through newer technologies, government initiatives, such as community "telecentres" and reduction in the costs of hardware - the medium of electronic publishing will encompass an increasing numbers of users. For the purposes of this report, electronic publishing is defined as the delivery of interactive, digital multi-media to the consumer, either through an on-line web-site, in the form of a CD-ROM or a combination of both.

Information technology commentators delineate at least three developmental phases in global computing history. The first was the cumbersome mainframe technology that arose in the sixties and seventies. This was followed by revolutionary desktop - P.C. (micro-chip) technology of the eighties and early nineties. It is believed that in this, the third phase of development P.C.'s are being superseded by network computing and the possibilities of "cyberspace". In other words, digital computer technology in the form of the Internet is rapidly moving towards becoming a universal communication medium in its own right. Cyberspace is a metaphorical reference to the locale of interaction between a multitude of linked computers. It is this latter point that makes of the Internet an entirely new and unavoidable domain for the publishing industry in South Africa[74].

## 5.2 On-line Publishing

> *"This new media has vast, mostly unknown implications. What is recognised is that the world of advertisers, publishers, journalists and the rest of media is possibly undergoing as big a transformation as when the printing press was developed."*[75]

On-line publishing in South Africa occurs almost exclusively through the Internet. However, not all commercial Internet activity can be classified as on-line publishing. Commercial activity on the Internet can be broken down into three main categories namely, advertising, electronic commerce and web-site publishing. For the purposes of this report electronic commerce is excluded, since it would be stretching the definition of what constitutes publishing to include activities such as on-line banking transactions. At present the exclusion of on-line electronic commerce does not pose great difficulty because as a percentage of the total, it is still in its infancy. This will almost certainly change dramatically during the course of the next year as the banking sector becomes more aggressive at marketing its on-

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[73] SA Companies among world's most avid users of Web. (25/1/98). *Sunday Independent.*
[74] Cf. Duncan McLeod, *"Critical choice for business as picture changes."* , Financial Mail, October 3, 1997.
[75] *Leadership*, July '97

line products.

A persistent problem with regard to the Internet and access to online publications is the phenomenon of web traffic jams due to an ever-increasing numbers of users. When a web-site is requested by a user, the information from the site is transferred to a sever. A server is usually a network of computers that are designed for the purposes of storing the information. The 300 000 pages of the Microsoft web-site (www.microsoft.com), for instance are held on 58 Compaq computers each with 4 processors[76]. Despite this enormous capacity, end-users continue to experience the effects of overloaded networks from too many requests for connection to popular web-sites or downloading of information. The size of web-sites has also increased by almost 40% over the period 1997 to 1998. The problem of web traffic jams has generated a great deal of interest and concern, due to its potentially negative implications for e-commerce. An American consortium was recently established to find solutions to the problem. Recent trends on the Internet seem to suggest that the world-wide web is transforming from its initial phase of informal, free interaction to its current formalisation and commercialisation. The commercialisation of the Internet is making it appear more like a cyber-mall than an information super highway. This transition has important implications for publishing, since it is becoming increasingly possible to offer profitable information services on the Internet.

## 5.3 CD ROM Publishing

A small number of multimedia development companies have started to publish material on CD ROM. The particular value of compact disk publishing is that very large amounts of information can be stored per disk. In terms of the cost per disks relative to the quantity and quality of information that can be stored, CD ROM publishing is far cheaper than book publishing. A single compact disc can store in the region of five hundred to six hundred thousand A4 pages of text. CD ROM publishing in South Africa has to date, primarily taken the form of computer training material, promotional and marketing information and corporate presentations. Multi-media development companies "burn" their own compact disks on small scale projects, but would out-source large scale projects to a CD manufacturer where the usual economies of scale encountered in paper publishing still come into effect. Astronomical growth in the acquisition of interactive personal computers suggests that CD ROM publishing or an equivalent computer accessory (ie. Mini-disk) will become a major feature of future publishing around the globe. Below are United States figures for the acquisition of CD compatible, personal computers, similar trends are currently being experienced in South Africa[77].

| **Installed Base of Interactive PCs** | | | | | |
|---|---|---|---|---|---|
| (U.S. Figures Only. In millions of Units.) | | | | | |
| **Year** | **1993** | **1994** | **1995** | **1996** | **1997** |
| **Installed Base** | 4.3 | 9.0 | 14.2 | 21.0 | 30.5 |

A number of companies that have traditionally focused their operations solely on paper-

[76] E. Taub, *"Stuck in a Web traffic jam"*, New York Times, in, I Technology, July 21, 1998.
[77] "Interactive Publishers Handbook", (1996), P.Palumbo, p.24-25.

based information products have recognised the commercial advantages of the digital revolution which CD ROM publishing represents. Celeste de la Harpe of Exclusive Books argues that, "…We supply entertainment, and entertainment is going digital. That's why we've branched into music, videos, and, computer software."[78] The diversification of these markets reflects a new demand amongst information consumers who can afford them for more attractive multi-media and interactive, high-tech products. CD ROM software products which are currently in demand are reference works, design packages and games. What follows are currently available international figures for CD ROM and CD ROM driver sales. At present, figure indicate that CD ROM games and home creativity remain the largest selling area for international and domestic publishing. It is important to remember that these products have been actively promoted through "complimentary and abridged " versions sold together with a personal computer.

A major problem facing the international and local CD ROM sub-sector is the prevalence of home pirating of discs. The South African Police, in Durban and in Cape Town recently uncovered large scale pirating of Sony Playstation, one of the largest suppliers of CD ROM games to South Africa[79]. The central factor behind these pirating operations is the high cost of the CD ROM game as opposed to the relatively low cost of virgin discs and a home CD Writer. It is evident that since compact discs have multi-media capacity in that they are able to record and transmit image, sound and text, the compact disc offers increased possibilities for the convergence of traditionally distinct mediums.

**CD-ROM SOFTWARE UNIT SALES AND GROWTH**

**Comparison of First Half 1994 And 1995-By Category**

| **Category** | **1995 ('000)** | **1994 ('000)** | **%Change** |
|---|---|---|---|
| Games And Home Creativity | 4140 | 1430 | 189.5 |
| Home Education | 3629 | 1402 | 158.8 |
| Content | 3336 | 1555 | 114.5 |
| Business | 413 | 81 | 409.9 |
| All Other Products | 2616 | 614 | 326.1 |
| Totals: | 14134 | 5082 | 178.1 |

**Source: Software Publishers Association.**

**WORLDWIDE SALES OF CD-ROM DRIVES**

| **Year** | **1994** (Mil.) | **1995** (Mil.) | **1996E** (Mil.) |
|---|---|---|---|
| Units Sold | 16.1 | 38.7 | 40.6 |

**Source: Infotech and industry estimates**

[78] Financial Mail, October 3, 1997, p.67
[79] The Cape Argus, 24 July, 1998.

## 5.4 Overview of the Sector

South Africa has embraced Internet technology relatively quickly and the electronic publishing sector has grown rapidly since 1994 when commercial service provision began in earnest. During 1996, when most companies went on-line, the number of subscribers grew by over 100 percent. Since then, the growth rate has stabilised at around 40%, lagging behind the world-wide growth rate of approximately 52 %, although South Africa remains well within the top 20 Internet using countries. This is partly due to the fact that in a number of countries the Internet has only recently become popular. There are approximately 160 000 IP addresses in South Africa, with an additional 570 000 users having access to Internet through leased lines at work or through tertiary institutions.

The revenue generated through Internet related activity is estimated at between R450 million and R 500 million per annum. This figure is set to grow dramatically because of the fact that electronic commerce is expected to increase and that penetration of the existing market is relatively low. For example, the number of Internet users still falls well short of the estimated 1.1 million Personal Computer users. The growth in the numbers of Internet users is not without enormous economic ramifications, many of which are not immediately identifiable or measurable. Companies such as Telkom have had to review their entire corporate vision since the advent of the Internet. According to predictions, Telkom stands to lose US$47m in international call revenues in 2001due to increased use of the Internet[80], which is charged at a local call rate. Telkom has had to become a service provider amongst others in a highly competitive global market[81].

**Table 1 Size of the Internet in South Africa**

| Number of IP adresses | Worldwide | South Africa |
|---|---|---|
| January 1996 | 9 472 000 | 48 277 |
| July 1996 | 12 881 000 | 83 349 |
| January 1997 | 16 146 000 | 99 284 |
| May 1998 (est.) | | 160 000 |

[Source: Electric Ocean and BDM Consulting]

## 5.5 Potential for Growth

As with other elements of the publishing industry, potential for growth in the Internet is currently limited by the historical lack of access to the market on the part of most South Africans. Access to telephones and computers is critical. At present there are approximately 4.1 million telephone lines in South Africa, which means that roughly 25% of the population has access to a telephone. However this access is unevenly distributed between urban and rural areas and between emerging (mostly black) established (mostly white) consumers. Similarly, there is a low penetration in terms of ownership of computers. At present 3% of South African homes and 18.4 % of businesses have access to PCs. However, this figure is set to rise dramatically in the next few years. The computer chip manufacturer Intel predicts that 12% of South African homes and 32 % of businesses will have computers by 2001. Despite these constraints, all indications are that there will be a significant degree of growth in the sector for the foreseeable future.

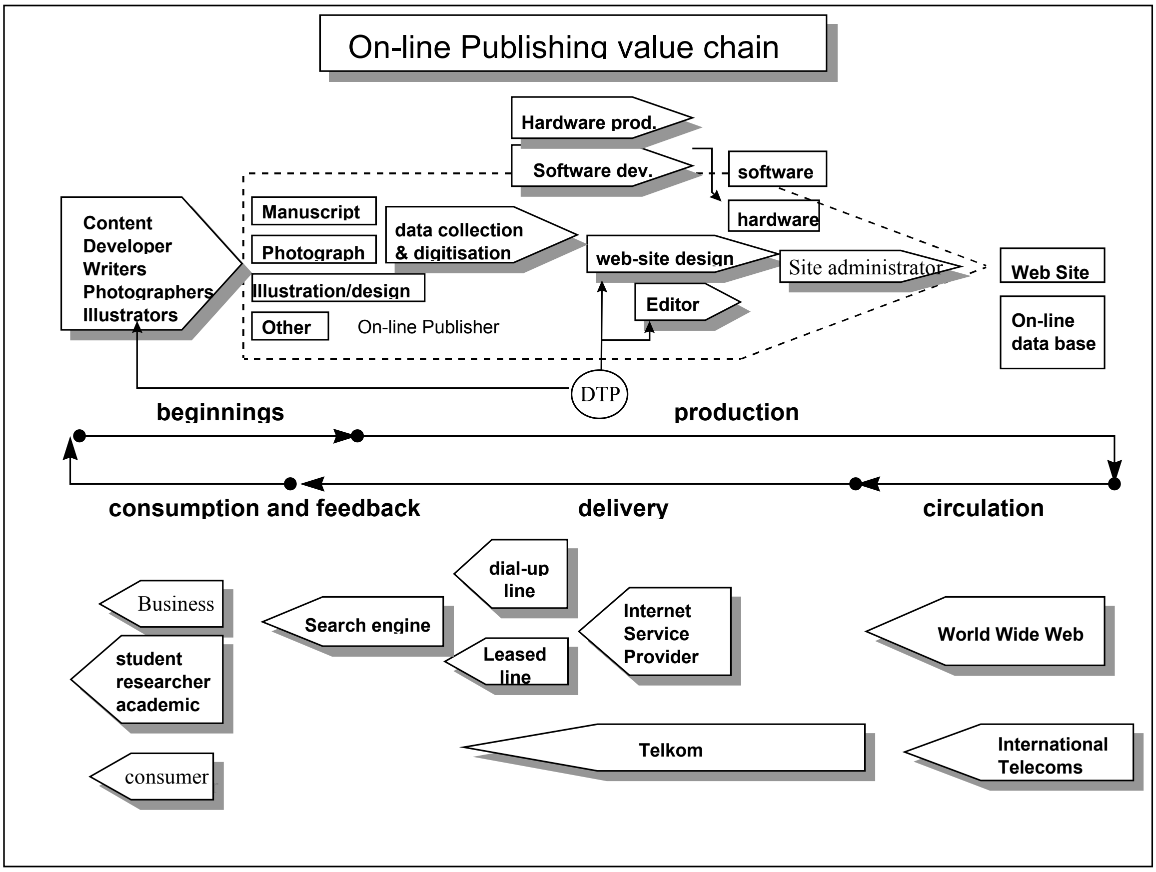
[80] Financial Mail, July 4, 1997, p.77
[81] Telkom Internet access service provider is known as Intekom (www.inekom.com)

## 5.6 The On-line Publishing Value Chain

Not dissimilar to traditional publishing, the basic task of the on-line publisher is to generate, add value to and deliver information or content to the final consumer or end-user of that content. The significant differences between electronic and paper publishing lie in the both the medium and the relative “distance” between writer/service provider and reader. As noted above the basic infrastructure requirement for electronic publishing is that the reader/user has access to the Internet. However, as the industry matures, processes of content delivery and the associated opportunities for revenue generation are becoming progressively more intricate. Before we examine the value chain in detail, it is useful to take a step back and consider how these processes are unfolding.

At present there are three main “streams” in the value chain where revenue is generated and value-added. The first of these relates to the infrastructure of the Internet itself, which is reliant on the existence of a global telecommunications network. Internet Service Providers (ISPs) provide access to this network through dial-up (consumer) and leased (mostly corporate or institutional) lines, and charge a subscription fee to the end-user. Most people have their first experience of the Internet through an ISP which provides an e-mail service and on-line access.

There are approximately 90 ISPs in South Africa. The largest of these (those thought to have more than 15 000 subscribers) are The Internet Solution, UUNet Internet Africa, Global One South Africa, Global Internet Access, South African Internet Exchange (Telkom). In addition there are up to 20 medium sized ISPs, each with between 1 000 and 15 000 subscribers. However, the bulk of ISPs are small operations, each serving less than 1 000 subscribers. In addition there are more than 2 500 corporate leased lines provided by the larger ISPs, for as many as 450 000 additional users. Finally there are an estimated 120 000 users connected through Uninet, which provides access to most research and tertiary educational institutions in southern Africa, as well as to more than 200 schools.




The second main revenue stream revolves around the information provided through the Internet. This is the area where on-line publishing is most similar to its traditional cousins in print media and book publishing. The basic steps in the process are the same: content developers such as writers, illustrators, designers, or photographers originate the material for publication. The content is then captured in one or other digital form, edited and submitted to a web-site designer who puts together the electronic publication. The publication is then delivered to the consumer via the web-page, often through the inter-mediation of one or more search engines or hypertext links. It is important to grasp the notion that, similarly to other forms of publishing, on-line publishing can take the form of both broad and narrow-casting. Broadcasting on the Internet occurs when sites such as microsoft.com or cnn.com display news items aimed at a mass based international audience. Narrow-casting occurs when a specialist academic publication such as Harvard Business Review is made available to a highly targeted group of subscribers. In both cases the main revenue generated is either through advertising or subscriptions. Although in the case of broadcasting it is more likely to be generated through advertising and *vice versa*.

The third revenue stream in on-line publishing is generated through the providers of supporting products and services such as PCs, network installation, software, consulting, network support and a host of other service related functions. It is extremely difficult to measure the extent to which such activity impacts directly on on-line publishing. For example, should the web browsers sold by Microsoft and Netscape be considered part of the support structure of on-line publishing or are these to be considered part of the information technology sector? Revenue in this area is generated through the purchase of software, hardware and other products and services.

**Fact Box: Woza**

Woza is South Africa's first "cyber-only" financially orientated newspaper. Woza has no printing press, no distribution agents, no publishing costs and is staffed by a pool of eight freelance journalists, as well as contributors from brokering and economic backgrounds[82]. Despite this relatively small capital cost, R30m has passed through the newspaper. Says, Kevin Davie, founder of the site: "Our strategy is simple. We use quality journalism to attract high traffic." Its revenue sources include: advertising, brokering commission, sales of unit trusts, web site development, and editorial services. Advertisers have been slow to make use of the service. Davie attributes this to the limited number of products to sell on the Net, graphic heaviness, expense of exiting sites and resistance by advertising agents.

Despite the relatively slow response, the site has experienced sustained and growing financial success. The development of content needs to emphasised as an important precondition for such success.

**Fact box: iafrica.com**

iafrica.com advertises 300 companies, including BOE, Nokia, Plessey, Stannic, Mala-Mala, Protea Hotels and Diners Club. The site has links to local and international current affairs, business and entertainment news and an array of other features, such as employment opportunities and travel destinations. iafrica.com's connectivity growth is estimated at 12% a month. As an illustration of potential profitability, iafrica.com is projecting that advertising and sponsorship on the net will reach R1billion by 2000, and that on-line transactions will be in the region of R2 billion by this time.

Despite the uncertainty, and in many instances, losses incurred by Web publications, it would appear that strategic investments and profits are starting to be made in the sector. Indicators of this position include the acquisition of the *Electronic Mail & Guardian* by MWeb, and rumours that TML is looking at a joint publishing venture with the Internet Solution[83]. The field requires new formulas, new strategies, and perhaps even new players in the face of uncertainty and virtually unlimited competition.

## Synopsis of Issues:

- The number of Internet users world-wide will continue to grow, although the current costs of computer hardware are too high for digital computer technology to become popularised on a mass scale. Instead it has become necessary to find alternative ways of delivering online services. In this respect the convergence of the Internet with television is expected to escalate the number of persons with access to world-wide web.
- Electronic publishing promises to supersede some forms of paper-based publishing, but at present it is unlikely that it will have the effect of annihilating paper-based publishing altogether.
- A number of paper-based companies have responded to the advent of electronic publishing by diversifying their operations to incorporate the new technologies.

[82] Several months of the *Electronic Mail & Guardian* can be financed with the outlay for one physical print run.
[83] Euphoria becomes business strategy. (20/2/98). *Financial Mail*.

- The Internet remains an uncertain and highly competitive commercial arena. It is for this reason that while large amounts of capital are being invested in the network, many companies do so reluctantly and primarily for advertising exposure.
- The advantage of electronic publishing lies in the large quantities of information that are accessible through it. Furthermore, electronic publishing is interactive, attractive because of its richness in multi-media capacity, relatively cheap and is easily kept up to date.
- The impact of the Internet is not limited to the publishing industry, but will impact all facets of South African society.
- If the Internet is properly developed in South Africa it could provide solutions to a number of the problems currently being experienced in its educational arena.

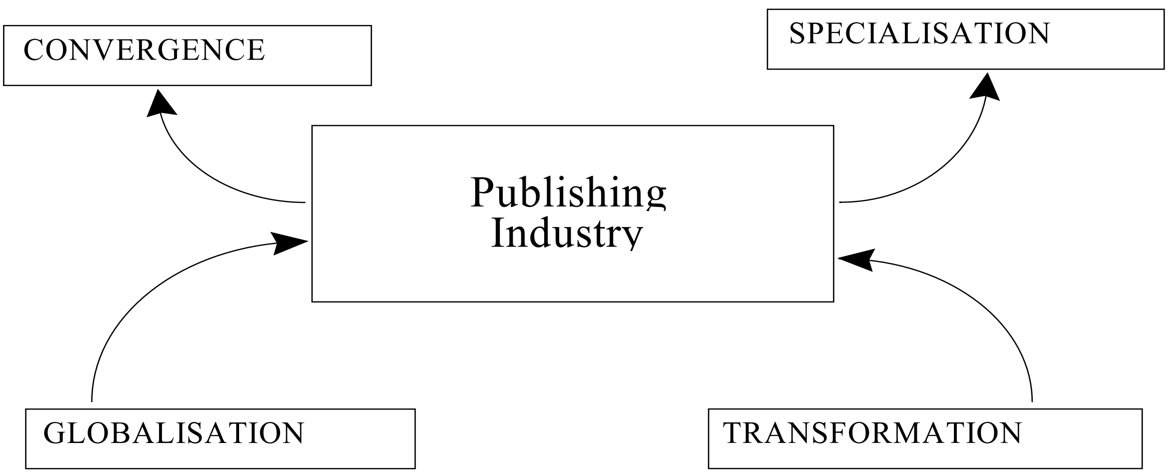
# SECTON SIX - EVALUATION OF THE PUBLISHING INDUSTRY

This section of the report brings together the information contained in previous sections in order to provide an overall evaluation of the publishing industry in South Africa. The Landry methodology is used to construct a picture of a combined value chain for print media, books and electronic publishing. It should be noted that while a number of commentators, including those within the industry itself, currently view publishing as being comprised of several different value chains - one for each of the sub-sectors, we have chosen to adopt a different approach because we are persuaded by the argument that publishing, whether in its "new" or "old" media forms is moving away from various ways of "recycling trees" towards the process of adding value to information. The publishing sector can moreover be better understood and evaluated to the extent to which it has adapted to various identifiable trends which currently impact upon its operations.

## 6.1 Trends

At least four significant trends currently impact upon the South African publishing industry, namely convergence, specialisation, transformation and globalisation. Each of these trends and their requisite adaptations must now be explored in more detail.

Trends Within the Publishing Industry



### 6.1.1 Convergence

Convergence refers to an international process of growing inter-relation between traditionally distinct sub-sectors of the publishing industry. The predominance of the Microsoft Windows® operating system has meant that a wide range of historically separate functions can now be dealt with singularly by the software's utilities and applications. Convergence in this sense represents a growing recognition that publishing in whatever form is fundamentally speaking about the same process, namely the communication of information. Differing forms of media have all evolved out of this essential need. South African companies have in this respect developed a number of strategies to account for the convergence between different media platforms. Times Media is involved in both television and radio, as is Primedia, albeit in a different way. The advent of data processing technologies which allow for the repackaging of raw data across a number of different delivery formats will lead to a dramatic intensification of this trend. As this process unfolds the definition of what constitutes a publishing firm is becoming increasingly blurred. Web publishing is one example of this phenomenon - Microsoft corporation publishes news on its website - along with download-able video clips. CNN has a website with text versions of its television news stories. The SAfm site features text versions of its radio news and actuality programmes and the World Radio Network site offers audio files of its programmes which can be downloaded into your PC. Yet another interesting example of convergence within the publishing industry involves the distribution of books. Some publishers now have their own online catalogues of books and publications so as to bypass traditional distribution networks and deliver books directly to individuals by mail.

### 6.1.2 Specialisation

Similar factors that have led to the convergence of differing media forms have also led to the specialisation of channels of media communication. In the South African context there is a growing awareness of differentiation within the reading market that implies differing content and marketing criteria. Increasingly reading markets are expecting a specialist voice or highly channelled communication platform. The implications of the so- called information age also suggests that individuals do not wish to - nor must they - be spoken to as a mass. The phenomenon of computer technology (software, networks and data bases), makes it possible for mass-media to become more and more narrowly channelled ("narrowcasting" as opposed to broadcasting). This factor is linked to the commercialisation of specialist information. The sheer surplus of information available on the Internet has led to a need for discernment and consolidation amongst readers. It has traditionally been the role of publishers and editors to act as a filter of information. This role, far from diminishing has become essential, whether in the context of current affairs, commerce, education or fiction. The recognition of differing interests and aspirations and an exploitation of the divergence that these niche markets imply, has translated into the success of a number of publications. Publishers have had to trade off large print runs for greater diversity in potential advertisement appeal and reader interest.

### 6.1.3 Transformation

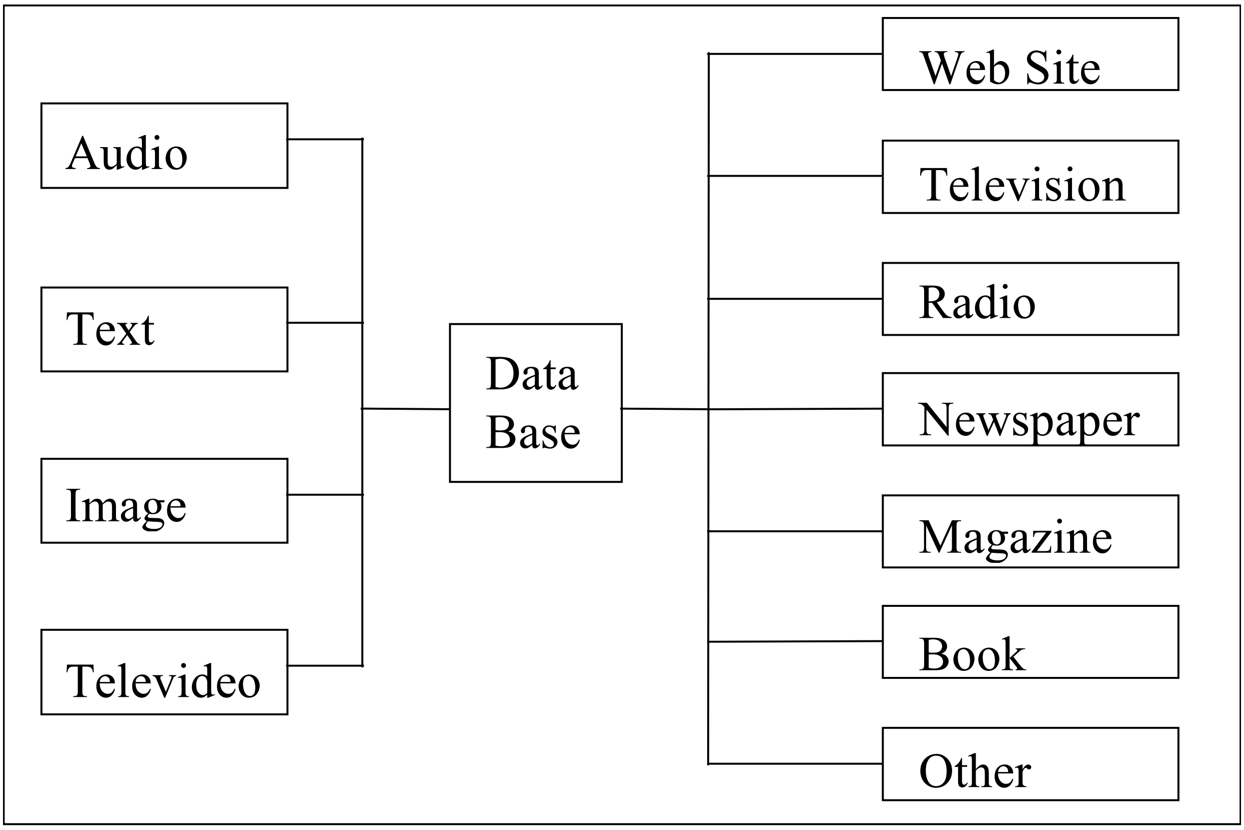
Post apartheid South Africa is left with the social responsibility of the immense impact of the erstwhile policies of systematic impoverishment and violent repression. The thorough-going transformation of the new society entails nothing short of a systematic redress of all facets of society within the framework of the new constitution. The rewards of this process of transformation are already being felt and the development of a new cultural and economic milieu in South African history is upon us. Throughout the publishing industry and its related enterprises, the positive impact of policies of equitable employment are being experienced. Similarly, social, cultural and institutional transformation also translates into new reading markets. A recognition of changes within the profile of the reading market amongst writers has led to exciting new modes of cultural expression. Despite these positive changes, much needs still to be done and addressing the particular problems of the poor, the youth and of women must remain central. Since the publishing industry represents the intersection of trade and culture it has a unique role to play in this immense transformation process. The success of some existing community newspapers for instance, seems to suggest that there is an enormous scope for growth in this area and as a means of accessing new and emerging markets, particularly since this form of media can provide much needed services to rural and poor communities. As has been repeatedly argued in various documents relating to the publishing industry, much depends upon the development of a South African reading culture. The development of this reading culture is part and parcel of the transformation and development of our society.

### 6.1.4 Globalisation

There has in recent years been a great deal of discussion concerning the effects of globalisation and what Marshall Mcluhan described as the approach of the "global village[84]". Globalisation has a wide range of both positive and negative implications, consequent upon the advent of international telecommunications and computer network technology, the erosion of the traditional powers of nation states and international commercial integration relating to the activities of multinational corporations, stock market speculation and trade agreements initiated by G7 countries. These characteristics are linked to a range of "macro-economic effects of globalisation", such as the almost free mobility of goods, cultural products and people across national boundaries, currency fluctuations and crises, increased income inequalities and job obsolescence resulting from rapid technological advances. These large-scale trends have various implications for the publishing industry. In the first instance, South African publishers have increasingly to compete with international publishers in the local market, particularly for the sale of books. Congruously, exchange rate differentials have become an important determinant of local prices and wages, while foreign investment activity is monitored with great uncertainty and anticipation. Globalisation as a trend in the publishing industry raises a number of concerns pertaining to the import and export of published material. Various foreign trade obstacles need to be addressed and structures to facilitate such trade need to be instituted. The implications of South Africa's membership of the World Trade Organisation needs to be carefully analysed and understood if industries are to exploit the advantages that the agreement is intended to create. The South African publishing industry must embark upon a fervent pursuit of potential markets within the SADC and beyond. A further component of the globalisation trend is the controversial, complex, long-term influence of the Internet on the domestic publishing industry. Role players within the industry are responding well to this trend, many capitalising upon the value of new technologies and the unique requirements of the local reading market. Shaun Johnson of the Independent Group, for example, sees the value in newspapers in terms of their ability to "make sense of information…to explain what events mean".[85] Companies such as Reed Elsevier define themselves as being "publishing and information companies" and concentrate on providing "must have" information to their customers. [86] The success of quality content, analysis and localised services in the print media should be seen as a market response to globalisation in other media forms, particularly in television, with its emphasis on mass entertainment, where production costs

84 "War and Peace in the Global Village", Mcluhan and Fiore, Bantam Books, New York, 1968.
85 Interview
86 http://www.reed-elsevier.com

are comparatively far higher and time is at a premium.



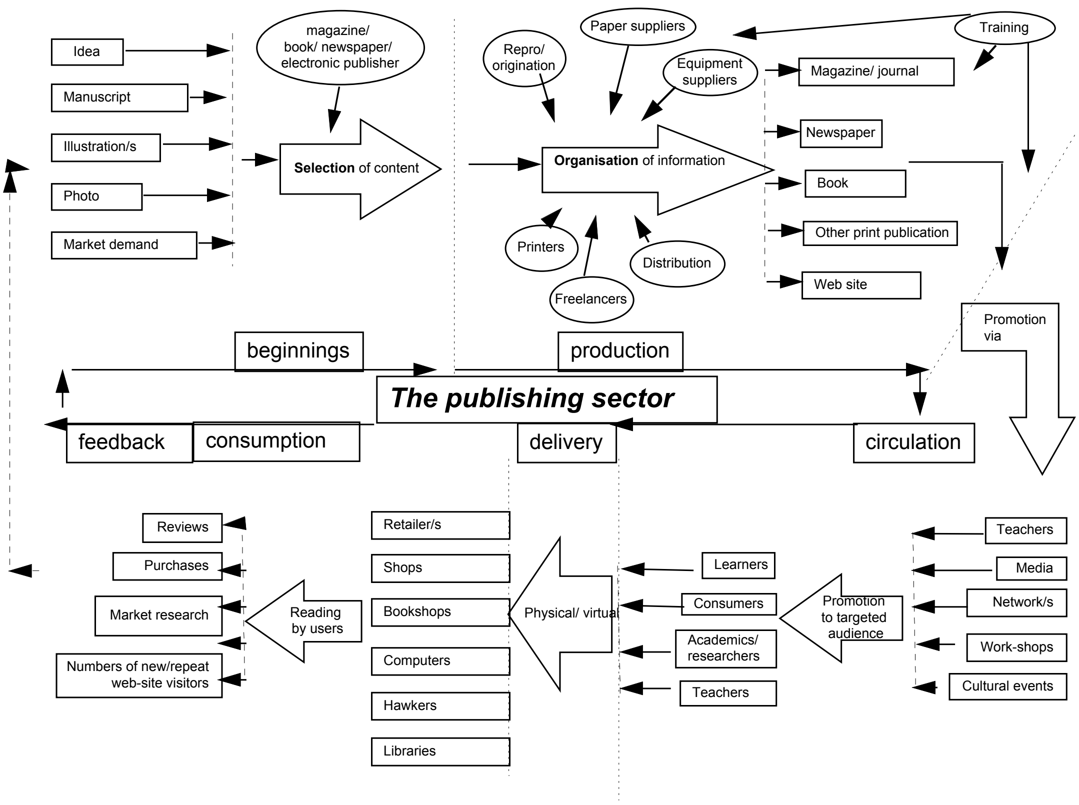

## 6.2 Analysis of the Publishing Sector

As has been argued above, the various sub-sectors of the publishing industry can be conceived of as essentially involving the same processes of value production due to the increased convergence of differing forms of media and the evolutionary relationship of these media to one another. The diagram below summarises the flow of content through the integrated publishing value chain. For the sake of clarity and simplicity radio and television have been omitted from this picture, although increasingly the interaction between them and the publishing sector is becoming difficult to ignore. For now we are focusing on text and static image.

The American publishing company, VISTA Publishing are currently involved in an online research programme attempting to understand how various technological changes have impacted on the publishing industry. The hypothesis of this research project is that while a number of recent changes have taken place in the publishing industry, certain essential aspects of the industry have remained the same. The project identifies five key tasks that are integral facets of the process of publication. The five tasks identified by the aforementioned research project are as follows:

1. **Selection:** it has been said that publishers are better defined by what they do not publish rather than by what they do. A key part of what publishers do lies in the editorial process – selection, acquisition, commissioning.
2. **Finance:** publishers take the - sometimes considerable - financial risk in publishing, and can reasonably expect to make a return broadly commensurate with that risk.
3. **Organisation:** at the core of the publisher's role is the co-ordination of all the developmental processes that turn the author's raw material into a finished product for the market. This is an often-overlooked part of the publisher's art. It perhaps becomes most obvious only by its absence.
4. **Aggregation:** it may seem odd to talk about aggregation as being part of a traditional publisher's role, but we would argue that there is nothing new about aggregation of content. The book and journal publishing supply chains are focused on aggregating the works of individual authors – with the ultimate aggregators in the physical world being bookstores and libraries. It is typically to these points of aggregation that consumers go to purchase or to borrow the particular item to which they want access.
5. **Marketing:** last, perhaps, but certainly not least. Marketing is self-evidently a crucial element of the publisher's role. Here, we mean marketing in its broadest sense – ensuring that products are appropriate to the markets for which they are published as well as promoting the products to the markets themselves. In this context, we see marketing as including both customer service and distribution channel management[87].

**Consolidated Diagram of Publishing Sector**




## 6.2.1 Origination of Content (Beginnings)

The "beginnings" component of the integrated publishing industry value chain can be seen

87 http://www.vistapublishing.com

as a two-part procedure. The first part focuses on creating the content of the work while the emphasis of the second is on the forming the content of the work.

## Creating Content

Writers, journalists, authors, illustrators, photographers, commissioning editors and other originators of publishable articles can be viewed as the initiators of the publishing value chain. These persons are often viewed as the creative source of the content of published works. The crucial value that is added in this component of the value chain is twofold,

- Responding to the existing needs or demand of the reading market/consumer,
- Creating a new demand through a new product, subject or title.

In the first instance an originator of content such as a literary author, academic or commissioning editor would respond to feedback from the market that suggests that the demand for a particular publication does exist. Other authors argue that they are dependent upon the unreliable fuel of inspiration drawn from their daily lives that spur them on to write a text. Whatever the individual source of the content, the originator of a work would then embark upon the process of researching, writing or compiling the "manuscript" for this work. This process can be as long or as short as the originator requires and would differ from one medium to the next. Obviously the quick turn-around time of a daily newspaper would require of the journalist that he or she respond as quickly as possible to the brief or to the event in question. A freelance writer or illustrator would sell his or her work to a publication and would therefore have different constraints in terms of time and content of the work. The author on the other hand may be concerned with making a novel contribution to a particular subject that requires many years of writing and research. In a nutshell, the origination of a publishable product adds value to the "raw-material" of language or image by placing it within a potentially consumable framework, such as an article or manuscript. By and large most products "written" for publication are part of a particular genre or existing structure of information delivery. Even those products that fall outside of an existing category or genre and thereby attempt to create a new demand are, to some extent reliant on existing frameworks for the transmission of content

## Forming Content

Forming the content implies preparing the "text" and its packaging for printing. It is this procedure which was traditionally referred to as *publishing*. In order to ensure that a work is in fact ready for the market and therefore ready to be printed the expertise of an editor or publications committee is utilised for the purpose of reviewing the completed document. In the context of newspapers, CD ROM, magazines and books, this can prove to be a vital intervention prior to print. Many on line publications such as e-journals have retained this editorial "quality control" component, even though it would be possible to exclude it in favour of live and direct communications. The proof reading of a manuscript and the provision of feedback to the author are vital steps in the refinement of the text. Some texts have to be scanned or typed into digital form so that the layout of the work can be manipulated. Once the layout and design of the work has been finalised, the "text" is ready to be transferred to print. In the case of on line publications this is generally the final stage of publication, all that is required is for the document to be transferred into the required html file.

### 6.2.2 Adding Value to Content (Print and Production)

A wide range of industries are involved in adding value at this stage of the publication process. The actual printing and production process involves for instance, not only paper and ink suppliers, but also advertising agents, computer technicians and suppliers. In printing, it is economies of scale that determine the profitability of a run. This implies the reproduction of as large a number of copies of the proof decided upon in the first phase described above. Increasingly works are printed by high-speed digital printers, printing between 30 000 and 40 000 pages per hour[88]. In the case of books the manufacture of covers and the binding of books is part of this production and printing phase. For CD ROM publications a virgin disc is generally used to record the information. This process can now be performed by a commercially available CD Writer or produced on a far larger scale by a CD manufacturer.

### 6.2.3 Marketing and Distribution of Content (Circulation and Delivery)

In order for a publication to reach its market it relies on a variety of established distribution channels. These distribution channels or methods of circulation differ from one medium to the next. These differences will prove to be a factor of competitive advantage in the market for published goods in the future. Newspapers and magazines may employ a separate distribution agent that may deliver their product to a shop or directly to the home of a subscriber[89]. Some specialist publications deliver their products to subscribers via mail, while other such as WOZA distribute their articles electronically. Paper based media does at this time retain a competitive advantage over electronic media in the area of distribution in that electronic media is dependent on access to a computer. This fact will change with the convergence of television and the Internet. Book publishers have traditionally delivered their books from warehouses to bookstores. Buyers from these bookstores select a range and quantity of books that they believe will sell in their store.

The marketing of books entails a whole range of activities from book reviews, advertising on television, radio and in the print media to in store promotions and lectures at educational institutions. The aim of all these activities is to encourage people to buy and read certain books. Newspapers on the other hand are renowned for the many techniques used by them to attract buyers. Editors may seek to represent events in a highly sensational way or use shocking billboard statements. Magazines and newspapers have for many years also utilised exciting competitions to attract readers. The success of niche sections and "regulars" (such as crosswords, sporting, comic-strips) appearing in newspapers and magazines suggests that frequent readers are not moved by sensation but by distinct expectations of the content structure of a publication.

[88] "Fine Paper Printing Handbook", The Marketing Shop, (1998), p.143
[89] For example, the distribution of the TML publication of the Eastern Province Herald is dealt with by 3D Distribution.

### 6.2.4 Consumption of and Response to Content (Audience Feedback and Development)

The consumption of published materials occurs within every imaginable human context and for countless different purposes. The reasons for this fact are that consumers tend to have highly divergent needs and expectations of the published material. In order to accommodate for this divergence, producers of published works employ a variety of techniques in order to attract buyers to their products. Newspapers for example, are not simply purchased in order for the reader to keep up to date with current affairs, but readers range from the "habitual" to the highly irregular. Infrequent or occasional readers of newspapers may have bought the publication for a single purpose only, such as reading about a specific and important event or for seeking employment. Similarly, some consumers will buy a book due to a preference for the specific publisher and the packaging of the book. The ongoing publication of the Penguin Classics is an example of such an integrated marketing tool, whereby the classics are branded by the distinctive Penguin cover.

## Concluding remarks

One of the ongoing problems in the publishing industry as a whole the ongoing perception that the advent of electronic publishing is leading to the demise of the book. This may be true over the long term (say 50 years), but the fact of the matter is that in the short to medium term the consumption of books, magazines and newspapers is exhibiting an upward trend, both in South Africa and internationally. If anything, electronic publishing has contributed to this trend by enhancing access to information and sources of published material that did not previously exist. While there are concerns that increased consumption of other forms of electronic media are eroding publishing markets, there is evidence to suggest that the consumption of published material remains dependent upon socio-economic factors. High consumers of information will use television, radio, newspapers, magazines, web-sites and books to obtain different types of information and entertainment.

Similarly there is a perception that new technology is having a detrimental effect on publishing and printing processes by eroding the traditional skills associated with layout, editing and printing. In the short term there is no doubt that DTP editing and layout has failed to live up to the expectations of purists, and some editors still prefer to edit hard "paper" copy. However, the next generation of DTP and printing technology will be easier to use and will bring with it the real possibility of economically viable short print runs. The result is already being seen in the explosion of new genres and market niches in magazines and newspapers. The possibility of short production runs in book publishing will have a similar effect. It should also be noted that new technology does not always destroy old technology - in many cases it adds value to existing processes and makes them more efficient.

# SECTION SEVEN - SWOT ANALYSIS

## Strengths

| | |
|---|---|
| ***presence of a strong indigenous industry*** | • Unlike many other developing countries, South Africa has an established indigenous publishing industry.<br>• This industry has adapted relatively well to advances in technology.<br>• Traditional players are in a strong position and can contend with new entrants.<br>• There is a well developed SMME base in all sectors of the industry<br>• There are a number of key industry bodies that are in a position to address some of the issues and challenges facing the various sub sectors. |
| ***Growing adspend*** | • There is a distinct increase in adspend by companies who recognise that print media offers the one of the most effective means of marketing products.<br>• Advertisers are demanding that publishers target specific market niches - this leads to an increase in narrow-casting. |
| ***Emerging markets*** | There is evidence of huge potential to respond to the needs of an emerging market for published material which was not taken seriously in the past. |
| ***General trade publishing*** | General Trade publishing seems to be growing dramatically in response to tourist demand and growth in the domestic market. |

## Weaknesses

| | |
|---|---|
| ***Absence of integration between sub sectors*** | The challenges of content development in an environment where the nature of delivery platforms and carriers is changing are not being addressed at industry level. Strategic responses are usually occuring at firm level. The result is that industry associations have not as yet formulated integrated programmes that address priorities and issues related to the changes that are happening. This seems to be changing with the strategy being drawn up in the print industries cluster. |
| ***Reliance on education (book sector)*** | The text book crisis brought to attention just how reliant the sub sector is on the educational market. |
| ***Lack of representation*** | The various sectors within the industry tend to be poorly representative of South African society as a whole. Some changes are taking place in this regard |

| | |
|---|---|
| ***Absence of a reading culture*** | Perhaps the most undermining condition constraining industry development is the absence of a reading culture. |

## Opportunities

| | |
|---|---|
| ***Further exploitation of niche segments of the market.*** | The increase in the number of titles in circulation, particularly in emerging markets, is encouraging in that it is likely to accommodate "homeless" readers, thereby, increasing the appeal of reading. |
| ***Existing industry body initiatives*** | Working committees set up by bodies such as the Print Industries Cluster Initiative, PASA and SANEF have set out to address a number of critical areas relating to the industry such as training, freedom of speech and copyright. These initiatives need to be encouraged, supported and integrated with each other and other relevant initiatives. |
| ***Convergence*** | Increased links to profitable media stables, both through ownership and joint ventures can assist print media companies and book publishers to adopt new technologies and initiate sophisticated content development. The common underlying thread in media strategies to address the challenges posed by media convergence lies in the value of good quality content. Far from being endangered, writers and editors are likely to have an ever more pronounced and influential role. |
| ***Media in education*** | The Media in Education initiative is an exciting prospect for industry development through the widening of the existing market base. Similar initiatives will fuel both the market and the industry. The development of a reading culture is the development of a reading market. |

## Threats

| | |
|---|---|
| ***Lack of policy co-ordination*** | Uncertainty and lack of clarity around text book delivery will not only have the short term effect of threatening the livelihood of many book publishers, it will also adversely impact on programmes to improve literacy and cognitive development. |
| ***Technology*** | South African corporations must come to appreciate the challenges and obstacles presented by global technological changes and consumer demand trends. |
| ***Conglomeration*** | Increased concentration of ownership and global trends towards conglomeration could to some extent, hinder the variety of publications. |

# SECTION EIGHT - POLICY DEVELOPMENT

The South African publishing industry is currently undergoing a series of dramatic changes as it adapts to advances in information technology, the emergence of new markets and dramatic changes in consumer tastes and needs. In addition, the industry is struggling to shake off the legacy of censorship, collusion, corruption and racism that characterised the apartheid era. The full force of these trends and changes has come to a head in the recent crisis in the education sector.

The past few years have borne witness to a dramatic restructuring of the companies and sectors in the industry as companies reposition themselves to adapt to the changed political and economic environment:

- Increasingly, South African media conglomerates are adopting strategies similar to those of their international counterparts and seeking to build synergy between print, broadcast and electronic media.
- There is renewed interest in investment opportunities, especially where this involves development of and adding value to content.
- In addition, the new environment represents an opportunity for the successful development of opportunities for new or existing SMMEs and empowerment of previously disadvantaged South Africans in the publishing sector.

In this context, there is the space for government assistance and aid in facilitating the transformation and further development of the industry. What is required are carefully considered policy options and a continuing process of consultation with the industry stakeholders.

The purpose of this section is to build and elaborate on the analysis contained in the foregoing sections of the report and make recommendations that will assist in the growth and development of the publishing industry. This section of the document is divided. The first partreviews international, institutional arrangements and provides examples of government initiatives and incentives that have been used elsewhere. This is followed by an overview of the initiatives currently underway in South Africa, including the Print Industries Cluster Initiative. Part three is a proposal for a Publishing Industry Development Programme (PIDP) to be one of the pilot programmes of the overall Cultural Industries Growth Strategy. The PIDP includes the development of a vision for the future of the industry, measures to be undertaken by DACST, as well as by other government departments and those involved in the industry. Finally, the recommendations are summarised in tabular format.

## 8.1 International institutional arrangements

### 8.1.1 Australia

The Australian Arts Council has identified the development and implementation of adequate copyright laws as an area of important government assistance to the publishing industry. The Copyright Agency Limited is a non-governmental organisation established for the purpose of collecting fees for books being photocopied in libraries and educational institutions. The fees to be paid for the photocopying of any book are determined by a federal government act. The Agency has been able to collect millions of dollars a year in copyright fees. Moneys collected are distributed to authors and publishers to compensate for copyright infringement and loss of royalties. Further initiatives aimed at developing the publishing sector are as follows:

- Government has allocated increased spending on *libraries*, since these were identified as a significant facet of the Australian book value chain.
- The *Australian Literature Board* was established in order to provide fellowships for Australian authors.
- Further functions of the Literature Board are the organisation of writer's festivals, the promotion of Australian books around the globe and the subsidisation of promotional workshops for writers and publishers. The Board also subsidises publishers who print special editions of Australian poetry and drama.
- As part of their ongoing *"Book Bounty"* programme, the Australian government has also provided financial assistance to printers and publishers in order to become more competitive with Asian publishers.

### 8.1.2 Canada

I

In Canada the key objective for the government in relation to publishing is to promote Canadian firms as distinct from foreign owned and controlled firms[90]. There are three programmes aimed at achieving this objective:

- the Book Publishing Development Programme
- the Publications Assistance Programme
- The Cultural Industries Development Fund (which also assists other cultural industries)

The *Book Publishing Development Programme* works with Canadian publishers to promote their books in Canada and internationally. It is targeted at book publishing firms as well as professional associations and organisations representing the various sectors of the book trade and provides financial assistance through three funding initiatives:

- Aid to Publishers;
- Aid to Industry and Associations; and
- International Marketing Assistance.

The programme has specific criteria regarding the definition of book publishing, Canadian ownership, eligible titles, and eligible sales.

The *Publications Assistance Programme* consists of funded postal rates and is aimed at providing Canadian readers with affordable access to printed Canadian cultural products, such as periodicals, commercial newsletters, and weekly newspapers.[91] It is explicitly focused on rural communities and minority official language and ethnic publications and includes support for distribution of library books. To qualify for assistance, publications must be Canadian-owned and -controlled, published and printed in Canada and meet certain editorial and advertising content requirements.

The *Cultural Industries Development Fund* is aimed at assisting entrepreneurs working in book and magazine publishing, sound recording, film and video production and multimedia. It provides a range of financial services and loan assistance to production related activities, with the proviso that the recipient firms are Canadian-owned and -controlled and have achieved minimum levels of financial viability. The fund is administered by the Business Development Bank of Canada.

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[90] Interview with Susan Katz, Canadian Department of Heritage

[91] Canadian Department of Heritage (1997) *Publications Assistance Programme* p1

### 8.1.3 India

India has been successful in the growth of its publishing industry by means of a number of government initiatives and development schemes. Most of the initiatives of the Indian government have come in the form of financial assistance, although an amendment to the Indian Copyright Law of 1983 ensured that imported books were made affordable through compulsory licensing. Due to concern for the escalating costs of and demand for imported books, the government of India as early as the 1960's initiated negotiations for printing rights with the United Kingdom, the USA and the then USSR. These negotiations were intended to find ways for Indian publishers to re-publish current editions of foreign books. The result of these negotiations is that there are presently publishers wholly devoted to the purchase of foreign rights and reprinting these books in India. These books are reprinted at between a quarter and a fifth of the overseas published price. These cost reductions have a great deal to do with the large print runs that are possible for the enormous Indian reading market. Initiatives were channelled through the National Book Trust (NBT) of India, the principal objective of which was to develop Indian authorship, publishing and readership. One of the financial assistance projects of the NBT was a subsidisation of publishers to the tune of 40% of the cost of production and an advanced royalty of 20% to the author of the book. This prepaid royalty is calculated on approximately 65% of the number of copies published and is not based on the actual sale of books. The remainder of the royalty is paid to the author annually on the basis of actual sales, but only after two-thirds of the print run has been sold.
The scheme has been a great success and large numbers of publishers and authors have benefited[92].

### 8.1.4 Other African Countries

### Nigeria

In 1994 the Nigerian Book Foundation (N.B.F.) organised its first annual, National Conference on Book Development under their motto, *"Books Build the Nation"*[93]. The conference represented a concerted effort on the part of government, educationalists and industry to find ways of developing book reading and production in Nigeria. The conference covered four major themes, namely, book subsidy schemes, local book production, the cost effective production and marketing of books and the national book development awards.

A selection of the recommendations put forward at the conclusion of the proceedings are listed below.

- A *Student Book Token Scheme*, should be instituted to cover all books used in the three tiers of education.
- A *Library Book Token Scheme*, should be introduced to enable all public and institutional libraries to purchase books (particularly general as opposed to textbooks) annually, preferably through booksellers.
- A *Trust Fund,* for the promotion of creative writing and local Nigerian literature. This fund would endorse programmes to develop and award authors, editors, book designers/illustrators, printers and binders, booksellers and other professionals in the book industry.
- Developing *Sources and Processing of Local Raw Materials.* The N.B.F. hoped to encourage the use of bamboo and kenaf as alternative sources of medium fibre pulp .

[92] As of 1990, 800 titles were published through the scheme, while 1000 authors and 300 publishers were known beneficiaries.
[93] "Making Books Available and Affordable", (1995), ed. Ezenwa-Ohaeto

They also supported the establishment of small scale pulp mills.

- The inauguration of a *Nigerian Book Fair*.
- Government and parastatal involvement in the book industry should be to *promote links* in the book chain. The sale and distribution of books should be the responsibility of publishers and bona fide booksellers, rather than of Government, its agencies or contractors.[94]

### Kenya

The Kenyan government has received large scale imports of donated books and entered into various negotiations with the World Bank and EU for loans to deal with the scarcity of books in their country. The Dag Hammarskjold Foundation provided backing to the Kenyan government by guaranteeing loans made by commercial banks to publishers. The Rockefeller Foundation provided a further US$ 300 000 to support seven publishing houses.

### Ghana

Ghana has a relatively undeveloped publishing industry and has therefore attempted to develop their publishing industry through public-private partnerships. The Ghana Book Publishers Association (GBPA) entered into an elaborate contract with the Ministry of Education. The GBPA agreed to publish all post-literacy materials in the 15 official languages of Ghana. In essence, the contract meant that, "publishers would develop materials up to camera ready copy while the Ministry of Education would provide paper and other subsidies. The publishers would however, be responsible for marketing the books and also pay royalties to individual authors." (Orimalade, 1994, 15).

## 8.2 Existing initiatives for the South African industry

Historical attempts at developing the publishing industry have typically been characterised by:

- controversy and conflict between different ideological and political groupings;
- fragmentation between various sub-sectors and elements of the value chain;
- insufficient consultation and co-ordination amongst interest groups and stakeholders.

The most recent attempt at generating a developmental process was in the book publishing sector with the formation of the Book Development Council of South Africa. However, the BCDSA has not yet managed to win the support and backing of key industry players and stakeholders. The report (March 1997)[95] which it produced was, in some quarters, badly received, perhaps a little unfairly so because it does indeed provide a comprehensive overview of the book publishing sector and ideas for its development.

### 8.2.1 The print industries cluster initiative

At present a new initiative is underway that aims to overcome some of the problems experienced in the past. The principal impetus of this new initiative is a "print industries cluster development process", along the lines of similar processes undertaken in recent years by other industries in collaboration with the Department of Trade and Industry (DTI). The process was initiated by PASA and was initially intended to focus only on the book production value chain. However, elements of the print media have subsequently been included in the process. In the words of one of the key participants, the long term goal for

[94] ibid, p.130
[95] "Research Report on Book Development in South Africa", (1997), BDCSA, Perold, Chupty and Jordaan.

the cluster should be "to grow the print pie".

Four key objectives have been identified for the cluster:

- to ensure the survival and development of the entire book chain - this is a critical issue in the light of the current crisis in educational publishing,
- to facilitate, stimulate and promote growth in the printing and publishing sectors as a whole - this is seen as being dependent on,
- growth in the South and Southern African reading market - which leads to,
- stimulation and development of a South African national culture and identity, through the development of writing, literary expression and literature.

An additional objective could be to understand the processes happening around technological development and the restructuring of some of the industries in the cluster. It is important to once again emphasise the growing recognition on the part of those involved in the publishing industry, that they form part of that sector of the economy that deals with the resource of information. This valuable resource is integrally related to its medium of communication, to knowledge and education and also to entertainment. The products of information are of course directed at consumers with complex profiles and desires. It is for this reason that the publishing industry around the world no longer perceive of their activity as the printing of paper. Instead the orientation of the sector is increasingly one of "product and package". This implies an emphasis on publishing and the origination and processing of quality content and attractive presentation as the core of the cluster, with paper, printing, broadcast and telecommunications industries serving as support sectors to this process.

At present the plan is to model the process on similar initiatives undertaken by other industries in conjunction with the DTI. The letter sent to organisations to invite them to be part of the initiative identifies elements of this approach as being:

- to bring role-players together to understand the competitive position of the industry, identify obstacles to competitiveness, and develop appropriate responses to address problems;
- to raise awareness about the potential for firms and industries to co-operate with each other in order to compete.

## Progress to date:

A series of initial meetings attended by several industry associations and some stakeholders have resulted in agreement on establishing a steering committee to set up the cluster process. The steering committee has representatives from the Paper Manufacturers Association of South Africa (PAMSA), the Publishers Association of South Africa (PASA), the Printing Industries Federation of South Africa (PIFSA), the South African Booksellers Association (SABA), the Print Media Association (PMA), the Department of Trade and Industry and the Department of Arts, Culture, Science and Technology.

In addition, the cluster initiative has proposed the establishment of several working groups to address specific issues facing the industry at present. These are:

- **Statistics:** there is a need to generate and collate reliable statistics about turnover in different sectors of the industries, volumes produced, human resources, government spending and the like. The objectives are to:
  - be able to measure the impact of interventions made in the industry,
  - accurately measure the contribution of the industry to the economy, and
  - assist the industry to develop the ability to respond to change in a strategic way.

The statistics working group has been mandated to work with the CSS, DTI and private agencies such as ABC, AMPS, Showdata and ABIS to identify gaps in the current system for collecting statistics and propose steps to rectify any deficiencies.

- **Advocacy in the education sector:** The purpose of this working group is to address the education crisis and co-ordinate the response of the industry to ongoing developments in relation to text-book provision in particular. A number of interactions between the industry and education department officials have already taken place. In addition, book-sellers have been lobbying provincial governments in order to impress upon politicians and civil servants the gravity of the situation. The working group will concentrate attention on the role of the book and print industries in education and will attempt to , with particular reference to the issues of textbook provision and of VAT on educational books.
- **Access to books: Retail:** This working group has the objective of ensuring growth in the market for print media and books in South Africa through generating increased access to retail outlets for the general populace. The working group plans to investigate:
  - the current geographic distribution of the approximately 650 booksellers in South Africa,
  - the potential for incorporating informal outlets into industry associations such as SABA,
  - potential measures to increase the number of retail outlets,
  - potential for alternative retail outlets such as kiosks, service station shops and the like,
  - potential for generating efficiency in the production and distribution of material.

- **Access to books: Library policy and funding:** Both developing and industrialised countries have traditionally used library purchases as a way of nurturing domestic publishing. Libraries are almost universally seen as a critical component of market development because they provide access to printed material for people who are otherwise unable to afford books and magazines. In addition, if libraries actively purchase books by South African authors they have the potential to make the publishing of indigenous literature a viable option for publishers. At present the fact that libraries not buying South African books has been detrimental to South African literature. This working group will interact with library associations at municipal, provincial and national level.
- **Supply chain efficiency:** The aim of this group is to establish mechanisms to improve the publishing supply chain. The intention is to adapt a similar process recently undertaken in the United Kingdom which looked at book publishing in particular. The working group will investigate potential to:
  - standardise invoicing, ordering and distribution systems across the industry,
  - manage distribution and warehousing more efficiently,
  - anticipate and manage fluctuations in supply and demand,
  - conduct better market research to enable firms to jointly embark on better product development.
- **Copyright:** PASA has already begun to look at possible solutions to problems surrounding the infringement of copyright. One suggestion currently being considered is for the establishment of a copyright licensing agency to license and monitor the photocopying of print material by (especially education) institutions. In addition, the working group will:
  - investigate the implications of on-line publishing for copyright and intellectual property
  - interact with government and contribute to any amendments in copyright legislation
  - conduct public awareness campaigns about the negative consequences of

copyright infringement.

A decision has been taken to approach the trade unions in the various sectors and invite them to participate in the working groups.

Ultimately there is a recognition on the part of most people in the industry that long term growth is dependent on increased levels of literacy, affluence and access to published material through libraries and newsagents, bookstores and the electronic media.

## Avoiding previous mistakes

It seems at first glance that the cluster initiative is a well-timed intervention. The publishing industry as a whole would certainly benefit from improved supply chain co-ordination and co-operation between customers and suppliers. In addition, the possibility of emphasising the strategic importance of publishing as an information-based industry is greatly enhanced if the industry can be persuaded to speak with one voice. Also, the recognition that the future of the industry depends on “growing the print pie” is a welcome departure from previous attempts to carve up what was ultimately seen as a fairly stable, mainly white market. However, there are a number of concerns which need to be addressed:

- There is a tension between the need to involve as many stakeholders as possible in the process of cluster development and the need to remain focused on achieving specific goals.
- Similarly, there is potential for tension between involvement of industry associations and the need bring on board the actual firms involved in the day-to-day activities of the industry - there is always the danger that “industry bureaucrats” become gatekeepers with the result that key industry players or stakeholders could be marginalised or lose interest in the process.
- There is a critical need to ensure the building of a vision around common goals and objectives without undermining normal competitiveness or creating conflicts of interest.

## 8.2.2 Policy initiatives from the Department of Communications

Chapter seven of the White Paper on Broadcasting Policy sets out government’s vision for responding to digital convergence and the evolution of multi-media products. It argues that the introduction of multi-channel delivery systems should serve social goals, improve cost efficiency and effectiveness. It seeks to achieve these goals by ensuring universal access by all South Africans to broadcasting and multi-media services, using these services to deliver educational services, and promoting diversity in content and services in all official languages. The white paper sees the introduction of multi-media services as an opportunity to stimulate employment and training, create opportunities for manufacturing and provide services to marginalised groups within the South African economy. It proposes a public inquiry into the potential for regulatory regime for multi-channel distribution systems.

The focus of the department has been on ensuring that the telecommunications infrastructure of the country is adapted to the requirements of the information age.
In addition, the department is moving very quickly to establish a school of broadcasting and has set aside approximately R24 million to fast track this process. The school will focus on television, radio and new media. It has also facilitated the establishment of the Universal Service Agency which aims to promote access to phone, fax and computer services within disadvantaged and under-serviced communities. The first of these “telecentres” are already operational, and it is anticipated that by the year 2002 there will be as many as 500 around the country.

It is important to note that the current proposals being put forward by the department of communications are focused on the technological and infrastructural implications of the convergence of media. There is an opportunity for the CIGS recommendations to complement this strategy by focusing on content development.

## 8.3 The Publishing Industry Development Programme

The print industries cluster initiative is a welcome development in the publishing industry. However, because it is focused on the supply chains within the industry, it does not aim to address all developmental concerns. For this reason we are proposing that DACST initiates a Publishing Development Programme (PIDP) which would support the cluster initiative and complement it by addressing developmental concerns. In addition, the PIDP should serve as a link between the cluster process and the technology based strategies being adopted by the Department of Communications.

The long term strategic goals of CIGS in the publishing industry can be divided as follows:

- Economic: These include survival of the sectors under threat, improved contribution to growth in GDP, employment creation, redistribution of wealth and the strategic development of information based sectors of industry.
- Cultural: These include the development of a vibrant, non-racial, non-sexist discourse and literature which expresses the aspirations and hopes ordinary South Africans.
- Developmental: These relate to the pivotal role which publishing plays in the dissemination of information, provision of materials for education and training, development of knowledge and contribution to the ability of South Africans to be innovative and competitive.
- Institutional: These are firstly the need to overcome divisions within and between industry sectors, and to co-ordinate initiatives between industry players and government departments. Once these divisions have been overcome, the long term goal should be to construct a world class institutional base for the industry to achieve economic, developmental and cultural goals.

The PIDP is not intended to solve all of the problems in these areas of concern simultaneously. Instead the aim is to identify key points at which the objectives of various role-players and stakeholders coincide. In an era where content of media is increasingly important, it makes sense for companies interested in generating good returns for their shareholders to encourage the development of a national literature which is culturally vibrant and has artistic integrity. Similarly, the developmental objectives of government in the education arena hold potential to dramatically increase the size of the reading market, something which can only be good news for publishers interested in the bottom line. None of these objectives will be easily achieved in a climate of distrust, suspicion and conflict. It is therefore essential that the industry players co-operate with each other in order to overcome the obstacles to growing the industry.

### 8.3.1 Economic objectives

As described above, publishing already plays a significant role in the South African economy, in terms of contribution to GDP, employment, dissemination of information, and as a result of the high proportion of SMMEs operating in the industry, especially in book publishing. There is significant potential to dramatically increase the size of the reading market in South and Southern Africa, and thereby reinforce this contribution. The economic objectives of the PIDP are therefore as follows:

- To rapidly increase the size of the South African reading market - at the very minimum this should involve bringing South Africa in line with other developing nations.

- To place the publishing industry on the economic and industry policy agenda for South Africa.
- To significantly enhance the existing potential for the development of SMMEs and empowerment of previously disadvantaged South Africans in the publishing industry.
- To encourage the adoption of new technologies and their dissemination throughout the industry, thereby enhancing potential for narrow-casting and the development of new market niches.
- To facilitate and encourage the development of new and innovative products, thereby reaching emerging and new markets.
- To encourage the adoption of innovative processes and co-operation between companies and thereby generate efficiencies within industry value chains.

### 8.3.2 Cultural objectives

The publishing industry already plays a significant role in the promotion and development of South African culture, as a delivery mechanism for literature and creative journalism and other published material. However, there is potential to dramatically improve and increase this contribution, both in relation to the development of a unified South African national identity and in unlocking the potential which was unrecognised in the past. The PIDP should therefore aim to assist the publishing industry to overcome any obstacles which may currently hinder this potential. To this end the cultural objectives of the PIDP are:

- To generate international awareness about South African journalism and literature and promote South Africa as a society which can make a significant contribution to the advancement of human ideas throughout the world.
- To enhance the development of South African languages, especially those disadvantaged under the apartheid system.
- To use technological advances and the emergence of narrow-casting and niche markets to promote the diversity of South African literary culture and language.
- To enhance access to culture and literature for previously disadvantaged South Africans, thereby promoting innovation and the development of new cultural and literary forms and genres.

### 8.3.3 Developmental objectives

At present, the publishing industry plays a developmental role in the provision of materials for education and training, and the dissemination of information to the populace. As described above, there are currently significant short term impediments to the proper fulfilment of this role, including the crisis surrounding the provision of textbooks and the inability of large segments of the industry to reach beyond their traditional markets. The PIDP will address these issues by achieving the following objectives:

- To participate in the resolution of the crisis in textbook publishing.
- To promote increased access to published material for general population, particularly those from a previously disadvantaged background.
- To assist in the co-ordination of developmental programmes currently being undertaken by existing organisations and institutions.

### 8.3.4 Institutional objectives

The key to unlocking the potential of the publishing in South Africa lies in overcoming the fragmentation, division, distrust and conflict which has for decades been a characteristic of the industry. This is not to argue against normal competitive behaviour. On the contrary, one of the outcomes of the institution-building process should be enhanced competitiveness. The PIDP should therefore build upon the existing institutional initiatives within publishing and encourage them to co-ordinate their efforts in order to achieve common objectives, without undermining the potential for healthy competition in the industry. The institutional objectives of the PIDP should therefore be as follows:

- To assist in the resolution of conflict within and between industry sectors and role-players.
- To provide a forum for sharing of ideas and co-ordination of initiatives being undertaken in all areas of the industry.
- To ensure that there is no duplication of efforts or resources aimed at developing the industry.
- To provide an access point for the industry to interact with government departments and para-statals, especially the departments of Education, Trade and Industry, Communications and Labour.

## 8.4 Practical Steps

In order to achieve the above objectives, the PIDP will be organised around:

- interaction between government and the industry,
- co-ordination of government initiatives and projects,
- facilitating partnerships between the industry and government
- building institutions

*Interaction between government and the industry:* DACST should serve as the co-ordinating agency for government interaction with the publishing industry at national level. The primary forum for this interaction should be the print industries cluster initiative and the role of DACST should be to provide the cluster with support, information and access to other departments and agencies.

*Co-ordination of government initiatives and projects:* DACST should convene a forum of departments which currently have an interest in developments occurring within the industry to discuss the co-ordination of government policies and programmes. The departments of Education, Trade and Industry, Finance and Communications should form the core of this grouping which would then interact with other departments and agencies where appropriate.

Key tasks of this grouping should include the following:

- developing a common vision around ensuring improved access to information in printed as well as electronic forms;
- sharing information about the current crisis in the educational publishing sector with the view to resolving it as soon as possible;
- linking the department of communications to the provision of library services - especially in relation to co-ordination of library services with the development of *"telecentres"* so as to avoid duplication of resources;
- linking the DACST community centres to the "*telecentres".*