

# COMPETITION COMMISSION INQUIRY INTO MEDIA AND DIGITAL PLATFORMS

Annexure A

NOVEMBER 2023

# SCOPE ITEM 1 QUESTIONS

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**What is your view on the future trends for traditional print and broadcast media consumption, and its relative importance for news organisations/broadcasters.**

- Traditional print and broadcast in South Africa in decline.
- Linear TV audiences are diminishing and have shifted their viewing behaviour due to Loadshedding and content fragmentation.
- The imminent implementation to DTT also having a potential negative impact on linear audiences in SA.
- Publications have seen decline in circulation as well as a decrease in density (volume of content).
- Costs associated with publications and printing are increasing, coupled with decreasing advertising revenue.

**What is your view of the current levels and mix of digital media adoption by consumers and use by new media?**

- Data costs and access to technology stifled digital adoption. However, in recent years the decreased costs associated with technology, resulting in consumers being able to afford a mobile device that can access the networks and the decreased costs in data have all assisted with the growth of digital audiences.
- COVID19 had a greater impact on public and their use of digital mediums. The adoption of eCommerce being slower than that of other markets across the world, the shutdown of the country forced consumers to utilise eCommerce services.
- The mix in SA is predominantly on mobile on social media platforms for entertainment purposes, and search engines for more intent use.
- News organisations are adapting to the times with shifting their content to digital mediums i.e. Google and Social platforms. However, the concerns around relevancy are increasing and thus resulting in publications / broadcasters relinquishing their content to digital mediums either at a fraction of the cost or for free, thus compromising their existing position in the eco-systems and ultimately their long-term feasibility.
- Many news organisations are shifting focus and efforts to SEO practices within their content to be better recognized by Google and increase their organic reach, however with this there is also an increased need for volume of content which runs the risk of decreasing quality due to the repurposing of content and press releases.

**Which digital mediums are likely to emerge as the predominant forms of news media consumption in the medium-to-long term for consumers and news media organisations? For instance, what is the mix of consumption on digital platforms, news media sites and subscription, and what are the different consumer journeys online to content?**

- Based on current use, news aggregation platforms will be the primary source of content for consumers, consolidating all content on specific issues, giving easier access. Along with social platforms whereby news publications are posting snippets of their stories to provide short-form updates to the public. However, where we should be placing emphasis from a publications is to ensure that they are the predominant medium even if digitised.
- While content aggregation can assist in this, they need to ensure that they are not relinquishing their content without compensation. They also need to ensure that they are remaining authentic and relevant while ensuring that the news that they are promoting is true.
- Subscription models on these sites may increase as users seek quality content and are willing to pay for it. Publications are also increasingly making use of video content, especially on platforms like YouTube, which may continue to attract audiences seeking more immersive news experiences. This also taking into account the increase of docuseries especially the coverage from crime journalists

# SCOPE ITEM 1 QUESTIONS

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**How is the transition to digital media likely to affect consumption of community-based news, vernacular publications, and new entrants to news media publishing? :**

- Consumption is subjective. While shifting to a digital economy, digitisation should have a positive impact on consumption as more individuals will be able to access the content.
- Consumers mind sets have shifted based on their perception of the news being negative, people are already despondent and with that are choosing to not engage.
- Vernacular and community publications will be more easily accessible, increasing the number of potential subscribers as this will be more relevant for them. However, the calibre of journalist is questionable as they tend to repurpose articles, and often do not get the facts right, thus altering the story, ultimately increasing circulation of fake news.
- Effectively, with the increased potential audiences it provides greater opportunity for new entrants on condition that they can stimulate the growth on their respective platforms.
- Fostering community engagement will be crucial to community publications with their audiences being more targeted compared to bigger national publications along with more innovation in terms of revenue models

**What is your view on domestic consumption of foreign news publications, the role of digital platforms distributing this news media and if it has any impact on the consumption of local media? Please elaborate.**

- The sensationalism of international stories with content being posted on social media platforms by the likes of DailyMail has an impact on local consumers engaging with foreign stories, however the way that the stories are posted and can be placed out of context could reclassify this as click bait. Thus resulting in higher “engagement rates” however less interest in the stories.
- From a mass market perspective, interest in foreign news is not a “high priority”. For the most part general South Africans would consider engaging with foreign news articles only if there is a personal connection or if this is based on their employment vertical. Those who follow news as a category / interest on social platforms or within their interests on Google may have a higher engagement, however the percentage of the total population is relatively low in comparison.
- The abundance of digital content, including foreign news which is easily accessible to local audiences, can compete with local news publications for audience attention. Foreign news consumption can complement local news, providing a broader context for global events that may impact South Africa.

**How do you think the funding models of online news media are likely to evolve over time and what funding models do you consider optimal for the sustainability of news media? What influence is corporate or special interest funding having on the news agenda?**

- The average consumer in South Africa is skeptical, and with that should any corporate or special funding be announced i.e. political, it will increase skepticism and ultimately result in minimal viewership, reducing advertising and subscriptions and result in the broadcaster running at a loss.
- Current funding models are focused around Subscription / Pay Gates and Advertising and Sponsorships of sections within the news by brands / advertisers (not related to the content or who may be seen as trying to influence public perception).
- To ensure that the news is unbiased, the aforementioned forms of funding need to remain the main sources of and should avoid any forms of donations that may be seen to influence the news being published / broadcasted.

## SCOPE ITEM 2 QUESTIONS

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**In general, how do you see news media organisations relationship with digital platforms? Are there areas of competition and areas of complementarity? How do digital platforms use news media content in their ecosystem and how is the relationship between digital platforms and news media organisations formalised?**

- Relationship should be complimentary as publications are feeding the content for platforms. However, while publications are providing the content to remain relevant, they need to ensure that they are not compromising their future-state by engaging with digital mediums and allowing content to be accessed for free.
- Competition exists between publications for coverage and engagement on their content, however between platforms and publishers it should be complimentary and focus on quality and integrity of the journalist as well as the publication to ensure that they are not promoting fake news.
- Digital platforms can promote content and news articles to broader audiences based on interest and targeting.
- Use of news in their owned ecosystems can be used to entice and drive traffic to specific locations.
- Unable to comment on relationships being formalised as this is undisclosed between publications and platforms.

**In your view what are the most important factors shaping competition between digital news media and digital platforms for ad revenue, consumer data and subscription revenue? Please elaborate.**

- Consumer engagement: The ways in which consumers engage with content and where they are viewing the content will impact where the ad revenue and data sit i.e. aggregation portals will result in less consumers clicking through to site and thus reducing publications opportunity to generate ad revenue and collect 1PD.
- Consumer Attention: With a shift into a instant gratification mindset, consumers are looking for access to information without having to wait. Aggregation platforms can provide snippets to consumers and therefore provide instant gratification resulting in consumers moving on quicker.
- Costs and Rates: News publications have the opportunity to charge platforms to utilise their content to make up for the loss in ad revenue, however not all publications are doing this, and therefore compromising the general stance of the industry and this under cuts those publications that are charging, thus resulting in a need to either reduce or drop costs associated with access to content.

**What competitive distortions, if any, do you consider exist for user attention, engagement and ad revenue given the competing interests if digital platforms? Please elaborate.**

- The rise of fake news as publications can generate greater number of content pieces, while not checking their facts. These are then published quicker at higher volumes.
- Plagiarism / use of original content and repurposing: Some publications repurpose content published in other locations i.e. Australia and report this as their own locally.
- Use of generative AI as a means to generate content for bad actors.

## SCOPE ITEM 2 QUESTIONS

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**What user data is required for successful targeted advertising and what data do digital platforms and news media organisations get in the current relationship? Please elaborate.**

- Consumer Interest (either based on section of news publication or content being reported).
- 1PD
- News publications tend to use Analytics to gather insights on their audiences by gender, location etc, with many focusing more on website audiences rather than social media audiences and interests. Contextual data is gathered based on the content being consumed by the audiences while on site. Further data tends to be gathered from users subscribing to newsletters providing additional data, such as email addresses and preferences.

**Provide insights into the competition for subscription-based news media and the interaction between aggregators and news media organizations. What is your view on the future sustainability of this business model and the role in the overall distribute on mix?**

- Online-only publishers and digital-first outlets compete by providing innovative formats, niche content, and digital features that resonate with specific audience segments while Local news outlets and niche publications focus on specific geographic areas or specialized topics, catering to audiences with specific interests this tends to allow for reduced competition with each targeting their own niche.
- Some aggregators implement revenue-sharing models, compensating news outlets based on clicks or engagement. However, the terms of these agreements can vary.
- The competition for subscribers can be extreme, with consumers cautious about paying for multiple subscriptions. News organizations must demonstrate unique value propositions to justify subscription fees.
- The sustainability of subscription-based news media relies on effective competition management, content differentiation, and a compelling user experience. Currently, the subscription model remains a significant component of the overall distribution mix, providing a valuable avenue for quality journalism in the digital age along with positive revenue impact for publishers.

## SCOPE ITEM 3 QUESTIONS

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**Would you characterise digital platforms as distributors/intermediaries or buyers of news media content or both? Please elaborate on your answer.**

- Both. Platforms provide opportunity for consumers to find relevant information by searching for this distributing the news to a broader audience that what would be gained by just publishing on site. They play an intermediary role in consolidating the data and providing this to the end user.

**In your experience what are the bargaining power dynamics between news media organisations and digital platforms that distribute online new media content? Please elaborate and indicate the salient dynamics.**

- From a new publication perspective they hold the content that is being published.
- From a digital platform perspective they have the audiences and aggregation of content.
- Media organizations tend to have restricted access to user data, affecting the delivery of personalized content. In contrast, digital platforms exert control over and employ user data for targeted advertising and personalized content experiences.

**What are your views on the snippet policy employed by the digital platforms you depend on to distribute your online news content? If it is the case, what snippet policy would better represent a fair balance of power?**

- Snippet policy regulates and directs content that is being published and shared.
- The guidelines provided by platforms ensure that the content is relevant and not considered to be click bate thus ensuring that the audiences engaging are not being given incorrect information or repurposed information

## SCOPE ITEM 3 QUESTIONS

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Do you consider the current share of advertising revenue, where digital platforms share revenue, to be fair? If not, elaborate on why?

- Unknown

Are there any other terms or conditions that may reflect an imbalance in bargaining power? Elaborate

- Unknown

What are your views on the bargaining power of global news media organisations relative to local news media organisations and the terms and conditions they can extract? Where possible provide examples of what you consider to be unfair and why.

- Global have greater presence and greater power compared to local news publications – this impacts local publications ability to negotiate with aggregation platforms.

# SCOPE ITEM 4 QUESTIONS

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**In your view what aspects of the digital platform environment shapes competition between news media organisations the most? Please elaborate.**

- Intention: Consumers intentions define their user habits online and will determine what they are engaging with and how they are engaging with the content that they are searching for.
- Attention: Consumer attention is dwindling and therefore publications and platforms need to ensure that they have a captive audience

**What do news media organisations do to have their news content curated, and prominently displayed and ranked on a digital platform? Do news media organisations engage in search optimisation, or sponsor a prominent display on the platform? Please elaborate.**

- News publications are responsible for curating their own content and publishing this to their site, however, to ensure that they are ranking, they also need to ensure that the content is fit digital environments and can rank organically in search engines (SEO), thus assisting with driving traffic to site as well as a higher opportunity to be included within aggregation platforms.
- Additional requirements exist for sponsored elements, across multiple platforms that allows them to drive additional traffic the publishers site.
- Some publications also make use of push notifications to allow a content notification to be displayed on the devices of users who have signed up for it

**What are the factors that influence the curation and ranking of news content, and does this impact on competition between news media based on factors other than quality and relevance?**

- Page rank
  - Keyword selection in article and relevancy
  - Backlinks to site
  - Site structure and design
  - User experience
  - Interest
- Yes, if publications are able to employ specific tactics to ensure that their content is ranked higher, removing the quality metric of the content, they will be able to drive additional traffic to site, resulting in higher revenue across revenue share and advertising.

**To what extent do new, small and vernacular language media organisations face challenges in achieving visibility on digital platforms and what impact does this have for media diversity?**

- Skill level on website design and development: This is required to ensure that the content that they are publishing can be ranked by search engines as well as included in aggregation.
- Content curation and updates on site: As a result, journalists need to ensure that the content that they are producing and publishing is fit for the environment, if they are not actively ensuring that specifics listed above are actioned, content will not rank.
- Search volume in vernacular: If content is written in vernacular languages, this may inhibit the inclusion in aggregation and ranking factors.
- Budget allocations to drive traffic through paid media: If publications are unable to drive traffic to site, it impacts their “circulation” / viewability of the content. Thus, resulting in a lower interested from advertising perspectives.



# SCOPE ITEM 4 QUESTIONS

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**Is the curation and display of news content by digital platforms resulting in growing concentration of the news media or the opposite effect?**

- In theory it is assisting with the growth of news concentration.
- However, this does not imply that there is a growth in the interest of said news. Consumers for the most part are consuming snippets of articles and content through social media platforms and are not as actively engaged in written mediums.

**What is the prominence of donation funded news media in South Africa and how, in your view, does this impact what types of news media displayed?**

- Unsure of the prominence of donation funded news.
- News should be advertising funded / publicly funded as there is a concern around potential bias with regards to painting those in a better light based on funding / donations

# SCOPE ITEM 5 QUESTIONS

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**How dependent are news media organisation on Adtech intermediaries for sourcing advertising for their digital inventory and if so, the reasons for that dependency?**

- Media owners require intermediaries to sell off remanent inventory based on availability and targeting on campaigns that are being run (whereby the consumer is interested in news).
- These buys on behalf of advertisers enable publications to ensure that ad space is not being wasted, as well as facilitate easier buys with the publications without the need to process vendor onboarding and approval documentation.
- Direct buys are still prominent whereby the publications are unable to sell HPTO's through digital platforms.

**In your view, what major issues in the ad tech stack affect the online distribution of news media content?**

- Ad Tech distributes advertising and focuses media towards interested parties. The future state will however be impacted once we move to a cookieless future, whereby we will not be able to target based on interest. However, this is not unique to news as a category, as all advertisers will need to find an effective and viable solve for this.
- As all publishers in SA utilise GAM to serve ads, the ad tech landscape is highly uncompetitive as publisher content is sourced from a single SSP.

**In South Africa are there any exclusivities, impediments to interoperability or bundling and tying practices in the ad tech stack have had an adverse impact on Adtech competitors and impedes effective competition in the marketplace?**

- Tech stacks are built to integrate seamlessly with their own offerings i.e. Google Ads, GMP and Analytics. However, there is the possibility for various tech stacks to work together, however there are additional layers that are required to be able to facilitate the integrations between them i.e. GMP and Adobe.

**How does the Adtech stack assign advertising across different inventory, and are there conflicts of interest by Adtech companies owned by digital platforms?**

- Inventory is assigned based on targeting of the campaign. Ad Exchanges will determine the bid amount required to place an ad on a specific publication for specific users based on varying factors of targeting and how much the advertiser is willing to pay to generate an impression.
- There is no conflict based on placement as publications where ads are shown, are not owned by the platforms, but rather independently.

**What is share of the advertising Rand for each layer in the Adtech stack and the media organisations themselves, and is the distribution of share equitable to the value provided?**

- Undisclosed

# SCOPE ITEM 6 QUESTIONS

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**What is your view of the future use of generative AI within the algorithms of search, social media and news aggregators for surfacing and ranking of content, and how do you expect this to impact on the selection and ranking of news media content?**

- Journalists may however use generative AI to assist in redrafting content that is captivating and use prompts to ensure that certain elements are included to assist in ranking. However, generative AI should not replace journalism.
- With the birth and adoption of generative AI, algorithms will also advance and ultimately detect if content is authentic or not. I however suspect that with the advancements in technology across both AI and the algorithms, there will be no impact on selection and ranking, if the content is original, authentic and based on human interpretation.

**What is the trend in the use of AI chatbots to explore news stories and how do you expect news consumption through generative AI to evolve (if at all)? Please elaborate.**

- The use of AI chatbots should not impact news stories, as these are used more for interactive purposes and not exploration.
- Consumption of news based on generative AI should not evolve as per previous comments.

**How will the integration of AI into digital platforms and the emergence of AI chatbots likely impact on referral and advertising revenues of news organisations in the future?**

- Voice search in SA has not had the expected growth or seen the same level of growth as we have in other markets.
- However, as we progress more towards a digital world, human interaction with AI chatbots will result in more tailored voice searches, and as a result meta data on articles as well as referencing will need to be adapted to ensure that content is surfaced based on specific searches.
- The principles of what we as advertisers and agencies currently do will remain, but as always, we will have to advance with the times and adapt based on consumers behaviour.

**What is the current use of news content to train AI and to what end? Is there a compensation model for this training content and should there be? What is the likely impact of using the content for training whilst potentially competing with news organisations for user attention?**

- Uncertain about use of news content to train AI
- Cannot comment on compensation for this
- Impact: There should not be an impact as either way the consumer will be directed to the content. The concern is around ensuring that the training is managed and with that we do not train bad habits into AI or allow this to be unrestricted.

# SCOPE ITEM 7 QUESTIONS

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**How do think the features of digital news content distribution has impacted on the quality and diversity of news journalism in South Africa?**

- Ultimately this has compromised the quality as well as diversity of news and compromised the integrity of journalism in South Africa.
- Since news is released at a rapid pace, and before it can be fact checked, there is a significant risk of fake news, thus resulting in a need for responsible journalism

**Are there features of digital platforms that either promote or undermine the participation of SMEs and HDP-owned news organisations? Are there particular features of digital platforms that may promote or undermine vernacular language publications online?**

- Publications: No there are not.
- Platforms: Ability to promote content in vernacular

**What incentives do digital platforms have in place to promote the publication and distribution of high-quality investigative journalism? Please elaborate.**

- No incentives are available that I am aware of.
- Google does tend to rank content higher where users spend the majority of their time reading and engaging which can indicate higher-quality content, however this is as far as the extent of it at this stage

**In your view what are the challenges to SME, HDP, community-based and vernacular publications transitioning into online distribution of news media,? What implications does this have for consumer choice and quality journalism? Please elaborate.**

- Publication's ability to advertise in vernacular due to limitations on advertising restrictions in languages.
- Budget constraints and funds available to allow publications to promote content accordingly.
- Effectively, if consumers are actively searching for content that is vernacular, they will find this. The impact is however that publications will not be able to attract additional users to site in vernacular languages as these are not supported by digital platforms.