THE VIABILITY OF RELAUNCHING IMVO ZABANTSUNDU

Report commissioned by the Media Development and Diversity Agency (MDDA)

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Big Media Publishers
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Introduction

BIG Media (Pty) Ltd has been approached to do an initial survey, based on desk research, on the viability of launching an isiXhosa-language newspaper, more particularly the relaunch of one of the first such papers, *Imvo Zabantsundu*. The purpose of this initial investigation is to establish – largely through the use of existent material and information – the basis for doing further, intensive, audience and market research to give shape to such a plan.

In this document, we:
- summarise the current South African newspaper market in order to provide an understanding of the conditions into which the paper would be launched
- look in particular at the recent history of African-language newspapers and their successes and failures as an indication of the market receptivity
- look at the background of the African-language media in South Africa to draw lessons from that experience
- look at the demographics of an isiXhosa audience and its current reading and media habits
- identify the major challenges such a new newspaper would have to deal with
- provide recommendations for a way forward.
History of the black press in South Africa

The website SouthAfrica.Info outlines the history of the press in South Africa, with a special focus on the so-called “black” press. [See http://www.safrica.info/ess_info/sa_glance/constitution/971558.htm]

The origins of the black press in South Africa are linked to the establishment of mission stations in the Eastern Cape and the work between missionaries and indigenous people. The missionaries taught literacy to black people and, in the process, transferred the skills and resources necessary for publishing.

Analysts (notably Tim Couzens and Les Switzer) have identified four stages in the development of a black press:

- The missionary press 1830-1880, in which missionaries provided the first outlet for black voices in newspapers.
- The elitist press 1880-1930, arose from those who broke away from the missionary press to form an independent press, which was small and fragmented.
- Mass press, came with the merger of a number of these small, unviable titles into the Bantu World, financed and controlled by white capital and aimed at black readers. Another example of such media was Drum magazine.
- Resistance press, includes those newspapers which – through a variety of ownerships, sizes and audiences – emerged to give voice to the anti-apartheid resistance movement.

The first newspaper intended for black readers, Umshumayeli Wendaba (Publisher of the News), was printed at the Wesleyan Mission Society in Grahamstown from 1837 to 1841. Many others followed, but the most significant one was Invo Zabantsundu (African Opinion), which was started by John Tengo Jabavu in King William’s Town in 1884.

Jabavu had resigned his editorship of Isigidimi samaXhosa, a missionary-owned paper, after convincing himself of the need to publish newspapers independent of missionary control. His paper was the first to be written, owned and controlled by Africans.

Other black-owned newspapers that followed were associated with the establishment of political movements, and their editors were more radical than Jabavu. These included Izwi laBantu, started in 1897 by AK Soga; Itlanga lase Natal, started by John Dube in 1903 – and still going strong; the ANC's Abantu-Batho, formed in 1912; and The Indian Opinion, established in 1903 by Mahatma Gandhi, the founder of the Indian National Congress.
But the lack of capital, equipment, skilled workers and a reliable distribution network saw the entry of white capital into the ownership and control of the black press. This started in 1932 with the establishment of Bantu Press Ltd by a former farmer who saw the potential of money to be made in the black market. Bertram Paver inaugurated a national newspaper, Bantu World, a tabloid modelled on the British Daily Mirror, which represented a move away from a local to a national black press. Fourteen months after it was established, Bantu Press was taken over by the Argus Newspaper company, which controlled it until 1952. The Argus company soon became the first monopoly in the black press, with 10 weekly papers in the southern African region, and handled advertising for 12 publications in 11 languages.

Jim Bailey, the son of mining tycoon Abe Bailey, started Drum in 1951 and then Golden City Post in 1955, which were both aimed at black readers. Both publications were run by white editors brought to South Africa from Fleet Street newspapers.
The state of the newspaper industry in South Africa

The four newspaper groups (two English-speaking and two-Afrikaans speaking, both with interests in black newspapers) of the pre-1994 era have consolidated into three large and powerful multilingual groups. These are:

- Independent News & Media, which controls the most major daily newspaper titles in all of the cities including The Star, Cape Times, Cape Argus, Daily News, the Mercury, Post and Pretoria News; Sunday titles such as the Sunday Tribune and Sunday Independent, and weeklies such as Isolezwe. This group is based around newspapers and outdoor advertising.

- Naspers, a multinational with massive cross-media, global interests, who sells more newspapers in English and Afrikaans than any other group. It dominates the Afrikaans market with Rapport, Beeld and Die Burger as its flagships, has the biggest English paper in the mass-market tabloid, the Daily Sun, as well as City Press and Sunday Sun.

- Johncom, which is dominant on Sundays, with the massive Sunday Times title, and (with a 50% interest) in the financial markets with Business Day and Financial Mail.

Also to be taken into account is Caxton’s, which dominates the commercial suburban newspaper market and is a major player in newspaper and other printing.

The size and strength of these groups, and their dominant position in printing and distribution, means that barriers of entry for new newspaper products outside of these groups remains high. Where there have been new entrants in the past decade, these have only succeed where they had the backing of one of these groups. Other attempts, such as the launch of This Day newspaper, battled to find space amid these powerful interests.
Circulation

Based on overall circulation, South Africa’s newspaper industry seems to be buoyant. The Audit Bureau of Circulation had registered 20 South African dailies by the end of 2006 with a total circulation on an average day of 1 890 486. This was up from 1,78-million the previous year (6%) and has grown a total of over 700 000 since 2000 when it was 1,13-m (a massive 67%).

However, this increase is accounted for by a few newcomers to the market: the Daily Sun, which brought 494 875 of these extra 700 000 sales; Isolezwe (2006 circulation 96 485); Die Son, an Afrikaans tabloid (sales 72 049). These publications are aimed overwhelmingly at black and coloured, working-class readers. While the Sun is published in English, Isolezwe is in isiZulu and Die Son in Afrikaans.

If one excludes those titles, there has in fact been a close to 11 percentage point decline in the total circulation of established newspapers of 121 971 copies to 1 009 698. Of the 20 daily newspapers monitored by the ABC, only six (excluding the Daily Sun and Isolezwe) have recorded a circulation increase between 2000 and 2005: Beeld (2.5 percent), the Cape Times (1.9 percent), the Mercury (1.5 percent), The Star (1.7 percent), the Diamond Fields Advertiser (9 percent) and The Pretoria News (14.2 percent). In the first four cases, the increases are marginal; the other two increased from a relatively low base (DPA from 8 256 to 9 001; Pretoria News from 25 240 to 28 819). The total circulation added by those six newspapers amounts to a mere 11 179.

The 11 other daily newspapers, between them, have lost 121 971 copies. The biggest losers were the Sowetan, which declined by 35.2 percent from 203 352 to 131 714; the Citizen, which dropped 31.2 percent from 106 120 to 73 008, and the Daily News, which declined 21.7 percent from 65 476 to 51 251. Those are newspapers that compete directly, in terms of language, target readership or geographic location, with the Daily Sun and Isolezwe.

This suggests that the two newcomers to the daily newspaper market are attracting new readers, but also taking readers away from established newspapers aimed at similar target markets. It also seems to indicate that the growth is entirely in a working class, largely black readership. This reflects demographic changes, as it is clear that there is a boom in what are referred to the LSM 5-6-7 groups in the middle of the social and class spectrum.

In 1994, according to Future Facts, LSM 6-7 constituted 26% of the population, and by 2005 this had shot up to 37% – an astounding indicator of social mobility. The group that shrunk considerably was LSM 1-4, indicating a sharp movement from the lowest social groups to the middle rankings.
In the weekly newspaper market (excluding Sunday newspapers), the picture is similar. In the five years 2000 to 2005, total circulation increased by 219 635 copies, or 19 percent, from 1.16 million to 1.38 million. One newcomer to the market, Die Son, accounted for 186 107 of those added copies, while the massive increase in the circulation of Soccer Laduma, from 197 316 to 288 822 is the other major contributor. Without the added copies of Die Son and Soccer Laduma, both aimed at lower middle-class readers, total circulation decreased by 5 percent, with nine publications showing a decline in circulation, while five increased, most of them marginally.

Among those that boosted circulation over that period was Umfakazi, an isiZulu-language publication, which rose from 13 523 to 21 039. Another isiZulu-language publication, Ilanga, declined from 111 252 to 110 845. Still Ilanga's circulation is almost twice that of the Independent on Saturday, an English-language weekly publication in the same geographic market.

Among Sunday newspapers, four saw a decline in circulation, while three increased. Total circulation rose by 17 percent, or 213 948 copies, to 1.49 million. A newcomer, the Sunday Sun, accounted for 186 933 of the increase, while the Sowetan Sunday World saw an increase of 83 803 to 149 194. Excluding those two publications, both aimed at black readers, total circulation of Sunday newspapers declined by 4.5 percent.

It can be seen that the major successes – indeed almost the only successes – in newspaper publishing over the past five years have been publications aimed at black readers and, in some cases, in vernacular languages. Any new newspaper would need to take into account the large-scale demographic shifts that are changing our newspaper market.
Advertising

Advertising expenditure for all South African media is growing well above inflation. It topped R20,1-bn for 2006 (Nielsen: 2007) up by an astounding R3-bn or 17% on the previous year. But since it had grown 20% from 2004 and 23% from 2003, the growth seems to be slowing down.

Print (newspapers and magazines) grew by 18% (whereas television grew 22% and radio just 12%) from R6,8-bn to R8-bn. Print share of total advertising has only dropped from 41% in 2002 to 40% in 2006. This breaks down to 28% of the total for newspapers and 12% for magazines.

Within print, the breakdown is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>DAILY NEWS ROP</td>
<td>2 747 628</td>
<td>34,3</td>
</tr>
<tr>
<td>CONSUMER MAGAZINES ROP</td>
<td>1 763 475</td>
<td>22,0</td>
</tr>
<tr>
<td>WEEKLY NEWS ROP</td>
<td>1 289 588</td>
<td>037</td>
</tr>
<tr>
<td>COMMUNITY NEWSPAPER VFD ROP</td>
<td>985 712</td>
<td>633</td>
</tr>
<tr>
<td>TRADE MAGAZINES ROP</td>
<td>332 432</td>
<td>604</td>
</tr>
<tr>
<td>BUSINESS&amp;TECHNICAL MAGS ROP</td>
<td>197 015</td>
<td>185</td>
</tr>
<tr>
<td>COMMUNITY NEWSPAPER VFD INSERT</td>
<td>212 803</td>
<td>047</td>
</tr>
<tr>
<td>COMMUNITY NEWSPAPER SOLD ROP</td>
<td>200 673</td>
<td>809</td>
</tr>
<tr>
<td>DAILY NEWS INSERTS</td>
<td>133 053</td>
<td>867</td>
</tr>
<tr>
<td>CONSUMER MAGS INSERTS</td>
<td>91 444</td>
<td>883</td>
</tr>
<tr>
<td>WEEKLY MAGS INSERTS</td>
<td>44 946</td>
<td>147</td>
</tr>
<tr>
<td>COMMUNITY NEWSPAPER SOLD INSERT</td>
<td>16 944</td>
<td>718</td>
</tr>
<tr>
<td>BUSINESS&amp;TECHNICAL MAGS INSERT</td>
<td>904</td>
<td>593</td>
</tr>
<tr>
<td>TRADE MAGS INSERTS</td>
<td>2 128</td>
<td>924</td>
</tr>
<tr>
<td>TOTAL</td>
<td>8 018 752</td>
<td>749</td>
</tr>
</tbody>
</table>
It is valuable to see how this breaks down by sector, as it indicates where advertising for a potential paper might lie. For example, if one believes that a large part of advertising in an isi-Xhosa paper might come from government keen to find outlets for its policy of support for such languages, one can see that R1,16-bn is spent by government and educational institution, about 5% of total expenditure.

<table>
<thead>
<tr>
<th>Sector</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>753</td>
</tr>
<tr>
<td>Beverage</td>
<td>1728</td>
</tr>
<tr>
<td>HBA</td>
<td>311</td>
</tr>
<tr>
<td>H-hold</td>
<td>311</td>
</tr>
<tr>
<td>SDA</td>
<td>260</td>
</tr>
<tr>
<td>Banking</td>
<td>2124</td>
</tr>
<tr>
<td>Travel</td>
<td>3349</td>
</tr>
<tr>
<td>Tobacco</td>
<td>8</td>
</tr>
<tr>
<td>Retail</td>
<td>4847</td>
</tr>
<tr>
<td>Bus-Bus</td>
<td>3171</td>
</tr>
<tr>
<td>Ed and Govt</td>
<td>1166</td>
</tr>
<tr>
<td>Media</td>
<td>518</td>
</tr>
</tbody>
</table>

Source: AC Nielsen

If one looks at the top 10 advertisers in newspapers in 2006:

<table>
<thead>
<tr>
<th>ADVERTISER</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>SHOPRITE CHECKERS</td>
<td>251 325 482</td>
</tr>
<tr>
<td>PICK N PAY</td>
<td>226 179 465</td>
</tr>
<tr>
<td>MTN</td>
<td>169 486 793</td>
</tr>
<tr>
<td>VODACOM</td>
<td>119 202 705</td>
</tr>
<tr>
<td>STANDARD BANK</td>
<td>93 049 322</td>
</tr>
<tr>
<td>SPAR SA</td>
<td>89 090 504</td>
</tr>
<tr>
<td>NEDBANK</td>
<td>85 986 236</td>
</tr>
<tr>
<td>ABSA</td>
<td>85 159 988</td>
</tr>
<tr>
<td>MASS STORES</td>
<td>85 126 841</td>
</tr>
<tr>
<td>CELL C</td>
<td>82 062 078</td>
</tr>
</tbody>
</table>

Source: AC Nielsen
These figures indicate a potential for advertising in a middle-market isiXhosa newspaper, in that a large part of the advertising is in mass market sectors that would be interested in this market. However, indigenous language media have for a long time failed to attract their fair share of the advertising market even when they can show huge audiences. This may be changing, but there can be little doubt that the advertising market lags behind the demographic shifts occurring in South Africa.
African language newspapers in South Africa

On the newspaper front, vernacular mainstream newspapers – Isolezwe, Ilanga and Umafrica in KwaZulu-Natal - are all growing in circulation, readership, advertising volumes and revenue. Independent Newspaper's Isolezwe is eyeing daily sales of 100,000 after recording a one-day sale of 100,308 in October last year. The latest AMPS figures show the paper attracts just under 600,000 readers daily while sales average around 89,500. Isolezwe has grown from a circulation of 34,057 between July and December 2002 to 86,231 for the same period in 2005. It continues to shoot upwards.

Advertising volume growth has kept pace with the circulation growth. "The year on year advertising revenue growth from 2004 to 2005 was a dramatic 67%," says Independent Newspapers executive director Nazeem Howa. "As with all new newspaper launches, some advertisers were sceptical but as the title has grown new advertisers are attracted. Lack of access or understanding of the title is still apparent. Still, the paper has run ahead of our expectations."

Howa is coy about other vernacular newspapers - particularly in the Western Cape where Independent has a strong presence. "We continuously review all of our markets as well as new opportunities," says Howa, "and are finalising several exciting business plans - some are at an advanced stage."

University of the Witwatersrand journalism professor Anton Harber says the success of newspapers written in the vernacular goes beyond language choice. Content, distribution and price are important. "I think the key reason for the success of these papers is that they cover the day-to-day struggles of people not previously found in the media, and they therefore had little reason to read them," he says.

Harber believes African language stations should be getting a larger slice of the advertising pie. "Decisions are still made by people who don't listen to stations in the vernacular, it's not high on their radar. It's not just a race thing - it's a class thing."

Community newspaper Selpone is published in Limpopo in Northern Sotho, Xitsonga/Shangaan and Tshivenda. Publisher Diphete Bopape says apart from radio and limited television coverage in their vernacular, residents in the area were "starved for information in an information-rich environment because of lack of access to information in languages they understand best". Established in 2002, the newspaper sells about 20,000 copies a fortnight at R1 a copy.

Advertising sales have been difficult. "It has been tough and still is," says Bopape. "Many businesses are not convinced that rural people, most of whom read the paper, have enough spending money for the products and services they offer."
Nielsen Media Research shows an increase in revenue for Isolezwe and Ilanga. Overall newspaper spend increased from R3.6-billion to R4.3-billion. According to Nielsen, Isolezwe increased from R15-million in 2004 to R24-million in 2005 and Ilanga from R16.7-million to R25.9-million.

Olav Westphal, business development manager for Caxton who oversees advertising sales for Ilanga and Umafrica, says there has been an upsurge in advertising revenue in this market with month-on-month increases of up to 40 percent being recorded. "It's not just the basic trend of the increasing affluence of this market coming through ... the publications themselves are doing very well in terms of the editorial content," he says.
Other African language newspapers in SA

Isolezwe
Target market: Urban based, employed or studying, aged from 16 to 49
LSMs 5 to 10
Male & Female consumers
National Circulation: 55 000+ newspaper daily
Features:
Motoring - Tuesday
Workplace - Thursday
Women's Focus - Thursday

Key Facts:
Published daily Monday to Friday
Published in Zulu. An Independent Newspapers KZN title
Launched Monday 8th April 2002
Selling price R1.50 VAT
Delivered daily with The Mercury

Readership AMPS 2003B
Region
Durban 154 45.6
Pietermaritzburg 13 4
KZN 321 94.7
Gauteng 17 5.3
The competition

Johncom in the Eastern Cape
In 2003, Johncom Media in the Eastern Cape established a public-sector unit to handle all advertising business from local, provincial and national government and parastatals, as well as some private-sector recruitment business. The unit represents the nine Johncom titles published in the Eastern Cape, as well as the Sunday Times.

The Sowetan
In personal communication, Johncom Coastal Distribution Teresa Coetsee mentioned there are plans to expand the Sowetan in “certain areas” in the Eastern Cape.

Indabazethu
The Daily Dispatch launched Indabazethu, a weekly supplement in isiXhosa, in September 2000. It is published in both Xhosa and English every Wednesday and distributed with the Dispatch. The newspaper has a small staff, working off existing infrastructure.

In personal communication, the Dispatch’s marketing manager said the supplement was targeted at the youth and carried entertainment and gossip. He said it had made “no difference” to Wednesday sales. He indicated that there were plans to expand the title, but declined further comment.

In the Dispatch’s website archives is a letter, written in June 2001, from the Department of Sport, Recreation, Arts and Culture expressing its “heartfelt appreciation to you for your Wednesday newspaper supplement, Indabazethu”.

GV Mona, the department’s Director: Arts and Culture, goes on: “As a department, our tasks include the promotion and development of language and literature in the province, especially those languages that have been marginalised in the past. We are therefore grateful that you have gone out of your way to make provision for an isiXhosa newspaper. The department is very concerned about the lack of isiXhosa publications in the form of magazines, newspapers, journals newsletters, etc. It is common knowledge that to keep a language alive, to develop a communicative and expressive power of language, one needs to have plenty of literature in that language. Indabazethu also demonstrates that you are fully aware of the fact that a large segment of our population in the province can access information only when it is written in the isiXhosa language. Therefore the department acknowledges and fully supports your efforts.”

Printed by the Daily Dispatch in East London.
Offices are in the Dispatch, in East London.
Tel: (043) 702-2000
Ilizwi

Ilizwi, another Johnnic Eastern Cape publication, follows a similar model to Indabazethu. First published in early 2002, it is in isiXhosa and English, and had a print run of 23 000. Published every Wednesday, it carries its own cover price but is also included free with the Herald for subscribers “in the interests of bonding different sectors of society in the Nelson Mandela metro”. It is distributed in Port Elizabeth, Uitenhage and Despatch.

The launch of Ilizwi was announced about 16 months after the closure of the Evening Post. “The closure of the Evening Post left many black readers without a newspaper to serve their needs. Ilizwi will fill this gap while at the same time giving businesses the opportunity to promote themselves and their services in a vastly untapped market,” Johnnic EC marketing manager Kim Stoner was quoted as saying at the time (Herald February 2002).

Ilizwi was launched at the same time as Isoleziwe.

The company describes Ilizwi as a “modern news tabloid”. It covers a variety of “community interests and needs”, such as arts and culture, education, religious programmes, community development, politics and sport.

Weekly: Wednesday
Estimated readership: 40 000 - 60 000
Circulation: 20 000
Distribution: Available where The Herald is sold, 39% to The Herald subscribers, 50% outlets and 11% schools.

Daily Dispatch

The Daily Dispatch is the Eastern Cape’s biggest selling daily newspaper, selling about 40 000 copies a day. It covers the eastern part of the Eastern Cape - as far as Port Elizabeth in the west and Queenstown in the northeast. According to the newspaper’s website, its “readers are young, black, ambitious and of the up-and-coming generation, while established readers are older, white and wealthier. All are fiercely loyal and trust the information carried six days a week.”

The Dispatch on Saturday was recently redesigned as a tabloid.

73 percent of its readers fall within LSM 4-8
Readership (Mon-Fri): 226 000
Readership (Sat): 85 000
Circulation (Mon-Fri): 33 535
Circulation (Sat): 28 231
The Herald

The Herald is a morning daily newspaper and market leader in Port Elizabeth and the western region of the Eastern Cape. According to the company’s website, the editorial mix is “a blend of local, national and international news and features and its supplements include La Femme, Motoring, Racing and TGIF”, an entertainment supplement.

80 percent of its readers fall within LSM 6-10
Readership: 193 000
Circulation: 30 230

Telephone: (041) 504 7911
Website: www.theherald.co.za

The Daily Sun

With a special Eastern Cape edition, this monster of South Africa’s newspapers, cannot be ignored.
Other newspapers in the region

GOI & Express
Weekly knock and drop tabloid, published by Dispatch Media every Thursday.
Tel: (043) 702-2000

The King Banner Page
Published in the Daily Dispatch every Friday
Tel: (043) 702 2000

The Representative
Tel: (045) 839-4040

Aliwal Weekly
Community newspaper published in English and Afrikaans.
Distributed in Aliwal North. Circulation about 1 500.
Tel: (051) 633-2815

Algoa Sun
Community newspaper published in Port Elizabeth. Owned by Johnnic Eastern Cape.
Circulation about 76 200.
Tel: (041) 504-7911
algoasun@johnnicce.co.za

Barkly East Reporter
Published in English and Afrikaans. Circulation: 2 000
Tel: (045) 971-0016

Grocotts Mail
Independent bi-weekly newspaper published and distributed in Grahamstown.
Circulation around 3 200.
Tel: (046) 622-7222

Koukamma Courant (Afr)
Published once a month in Afrikaans and distributed in the Humansdorp area.
Circulation around 10 000.
Tel: (042) 295-2259

Midland News
Weekly community newspaper published in English and Afrikaans. Distributed in the Cradock area. Circulation: 1 200
Tel: (048) 881-5330
New Mirror
Port Elizabeth newspaper. Circulation about 50 000.
Tel: (041) 582-1957

Our Times
Published by Johnnic Eastern Cape in English and Afrikaans in the Jefferys Bay area.
Circulation: 7 500
Tel: (042) 293-1108

PE Express
Published in English and Afrikaans by Media 24. Circulation: 90 000
Tel: (041) 503-6111

Somerset Budget
Published weekly in English and Afrikaans. Distributed in the Somerset East area.
Circulation: 2 500
Tel: (042) 243-2008

Talk Of The Town
Published by Johnnic Eastern Cape in English. Sold paper. Circulation: 2 500 Port Alfred
Tel: (046) 624-4356

TheAdvertiser
Published weekly in English and Afrikaans. Distributed in Graaff-Reinet area.
Circulation: 3 500
Tel: (049) 892-2236

Uitenhage And Despatch News
Published weekly by Media 24 in English and Afrikaans. Circulation: 27 000
Tel: (041) 992-5639
Why Invo Zabantsundu closed

It is against this backdrop that the closure of Invo Zabantsundu can be more clearly understood.

In 1960, Invo was acquired by Perskor.

In June 1998, Perskor, the then owner of Invo, merged with Caxtons and CTP in a R3,4-billion deal. In terms of the deal, CTP ended up with 75 percent of the merged company. For the deal, CTP was valued at R2,6-billion and Perskor at R850-million. Their combined turnover was just more than R2-billion (Lunsche 1998).

The deal, driven by Caxtons, was attractive to Perskor for a number of reasons outlined by Lunsche (1998). While the deal gave Caxton 100 percent control of the Citizen and 50 percent of Rapport, Caxton owned highly successful regional newspapers and upgraded printing presses. (However, none of these were in the Eastern Cape.) "Cost savings and rationalisation are obvious benefits," *** Greyling was reported as saying.

Perskor was in trouble at the time. Its earnings in the second half of its 1997/98 financial year had tumbled by 55 percent after government cut textbook orders, a core part of its business (Lunsche 1998).

As Perskor’s Louis Kruger said at the time: "In the light of our merger with Caxton Publishers, it became necessary to rethink the future of some of our publications and reposition them accordingly."

When Caxton effectively took over, they found that Invo was in trouble. It was running at a loss. In a response to falling circulation figures, it was reduced to being run as a knock and drop in the Eastern Cape only.

According to news reports, a new manager — Will Ferreira — had been put in place at the newspaper. Retrenchments and a mass exodus of employees followed shortly after (Dispatch July 1998).

Then, in July of that year, Perskor management said that running the publication in the Eastern Cape was “not viable” and blamed the “declining economy” in the Eastern Cape (Dispatch July 1998).

Bizarrely, instead of shutting it down, Caxtons “donated” the paper’s title, assets and liabilities to the paper’s 12 staff members, including editor Charles Mama. Quoted in a newspaper report (Dispatch July 18), Ferreira said it was difficult to tell the total value of the paper’s assets and liabilities, but he estimated the equipment, including
Imvo's hall of fame
The roots of some of South Africa's politicians and journalists can be traced back to Imvo:

- Charles Nqakula worked as a journalist on Imvo in 1973, before moving on to the Daily Dispatch in 1976.
- Dalizer Mqhaba, a founder of the Media Workers' Association of South Africa (Mwasa).
- Other journalists who worked on Imvo included Roosevelt Fani, Victor Mthonzima Tonjeni, Witness Kholekile Tamsanqa, Phakamisa Marcus Ngani, boxing writer Mxolisi Ntshuca, Madilika Vuso, a former editor of the paper.
- Dalizer Mqhaba first black editor of Imvo in 1993.

The rich history of Imvo means that there is likely to be a memory and a sentiment that can be called on to assist the paper in a relaunch. It should be borne in mind, however, that this is likely to hark back to a quite conservative view of language and culture, and might be hard to mix up with the demands of modern newspapering in an environment where populist tabloids are leading the way.
Business environment in the Eastern Cape

The province in numbers

Area: 169 580 km² or 13.9% of South Africa
Population: 7 140 000 or 15.7% of South Africa
Languages spoken: Xhosa, Afrikaans and English
Business language: English

The Eastern Cape is South Africa's fastest-growing provincial economy, albeit from a low base. **Provincial gross domestic product** (GDP) grew at an annual rate of 4.1 percent in the three-year period 1998 – 2001, compared with the national average of 2.8 percent, according to the Eastern Cape Development Corporation.

The economy is based on agriculture, manufacturing, and financial and business services, which together contribute 40 percent of the province's GDP and 37 percent of employment. Manufacturing is dominated by the automotive industry, which accounts for a third of South Africa's automotive production.

However, despite rapid growth, the province still has high rates of unemployment, illiteracy and poverty. According to Statistics South Africa, the unemployment rate of 32 percent is the third highest of South Africa’s nine provinces, and compares with a national rate of 29.5 percent. Illiteracy is as high as 43 percent (ECDC).

The per capita income of the Eastern Cape is less than half the per capita income of South Africa as a whole (Eastern Cape Provincial Government). Only 62.4 percent of the province's people have access to piped water, the lowest of the nine provinces, and comparing with a national average of 84.5 percent. About 29 percent of households have access to a telephone, the second lowest of the nine provinces and comparing with a national average of 42.4 percent. Nearly 31 percent of households do not have access to a toilet, the highest among the nine provinces (Statistics South Africa). The people of the province also have lower access to radio and television than those in any other province.

To address these challenges, the province has identified five sectors that will have most influence on growth and development and, together with national government, is targeting these in its long-term growth and development strategy. The sectors are: tourism; manufacturing; agriculture and agro-processing; infrastructure development; and education and training. Public investment in infrastructure in the province rose from R3.9-billion in 2002/03 to R6.5-billion in 2004/05 (ECDC).
isixhosa audiences

It is clear from the following graph that speaking an indigenous language as a first home language remains high at nearly 80%, and is notably stronger among younger people.

Figure 4.8: Percentage of the population in each age group speaking English, Afrikaans or an indigenous official language as a first home language, 2001

However, it needs to be noted, in particular in relation to isixhosa speakers, that they are migrating faster than most groups, as shown by the decrease in the population of the Eastern Cape province. This means it is becoming progressively harder to reach this readership as it becomes more dispersed across the country.
Education and literacy levels in the Eastern Cape do not compare well to the major urban conurbations where most newspaper sales occur. While tertiary education levels have gone up in recent years, it is still only 6.3% who have post-school education (up from 4.5 in 1996).

Figure 6.3: Percentage of those aged 20 years or more in each province with post-school qualifications, 1996 and 2001.
A useful graph is one that shows what percentage of those currently in educational institutions give isiXhosa as their home language. It is 19.5% across all educational institutions, including about 10% in universities and 20% in schools. It is notably higher at pre-school, at 21.5%, indicating an increasing willingness of homes to use indigenous languages.

Education levels generally are a concern for a newspaper. Among isiXhosa speakers, only 13.7% have completed secondary education, while some 5% have higher education. A total of 79% have not completed secondary education, while some 20% have no education at all.

The latest FutureFact research shows that over two-thirds of the adult population in the Eastern Cape, KwaZulu-Natal and North West preferred information in isiXhosa, isiZulu or SeTswana. Researcher Jos Kuper notes that poverty levels, the distance and spread of populations in the region would all impact on the success of such a venture.
Positioning of the paper

Given the competitive situation, the sharp demographic changes which are occurring and the move of most newspapers to a sharper target-audience focus, it will be necessary to be firm and clear about the paper's target market. It will not appeal to both the mass-market working class audience, which is currently gravitating towards the Daily Sun, as well as the more elitist, professional, educated market which has traditionally been the core of newspaper audiences. Tough choices will need to be made in this regard.

Below, we have weighed up the advantages and disadvantages of targeting each of these market segments.

Mass market option

Advantages
- This is the area of demographic boom, creating a number of new potential newspaper readers. It is currently the most lively and booming audience segment.

Disadvantages
- Daily Sun is strong competition, though in English
- High print-orders mean high costs
- Low cover price means low revenues
- This requires large-scale investment in order to establish high readership numbers to attract the advertising

Top-end option

Advantages
- Easier to sell advertising
- Higher-cover price is possible
- Smaller print-run needed
- Highly influential readership will give the newspaper clout

Disadvantage
- Competes more directly with English-language papers as this market is already reading them
- Small readership, widely dispersed

Clearly, the decision on which market to go for is a difficult, strategic one, which will need careful consideration and detailed research.
Printing and distribution

Printing presses
East London: Dispatch Media

Port Elizabeth:
Media 24 Printing

Distribution
Free sheets
**NLD 24** distributes the following freesheets in the Eastern Cape: Port Elizabeth Express, Port Elizabeth Vision, UD News, Algoa Sun, Community News and Key Express

Johncom Coastal Distribution (previously known as Universitas)
Handles mainly Johncom titles. Distributes the M&G, the FT to subscribers.
Challenges
From this background, it is clear that there are a number of notable challenges to be considered in the launch of an isiXhosa newspaper:

- There are a number of existing titles (ranging from the Daily Sun through other isiXhosa titles) and therefore tight competition for audience.
- Printing and distribution needs will mean the paper likely has a dependence on larger newspaper groups which could make it vulnerable to them as competitors.
- Distribution will be particularly onerous as the target market is widely dispersed.
- Difficult decisions will have to be made with regard to the positioning of the newspaper. Is it a mass-market tabloid or does it aim at the educated, professional elite?
Conclusion and Recommendations
In brief the research has illustrated:

- A vibrant newspaper and advertising market has indicated a potential for this newspaper. In particular, the market is most ripe for publications aimed at a working class readership or those who seek indigenous languages.
- There would be strong historical, political and sentimental support for the idea of the newspaper, though it will not necessarily be easy to translate this into revenue.
- There are a number of difficult hurdles however, notably the strength of the competition, particularly from major and powerful media groups.
- The audience is widely dispersed, creating significant challenges for distribution of the paper.
- Tough decisions will need to be made on positioning the paper by deciding which elements of the IsiXhosa market will prove to be the most lucrative.

It is clear that further research is needed, particularly in the positioning of the newspaper. We therefore believe that the next appropriate step would be detailed and substantial research of the potential audience. We suggest that qualitative research, in the form of a series of focus groups, would be appropriate. This would require, however, the creation of a dummy newspaper, or several alternative dummies, in order to test audience response to possible products.
References

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Eastern Cape Provincial Government website


Johncom
http://www.johncom.co.za/corpbusnewspapers.asp

Journalism.co.za. 'Community newspapers in the Eastern Cape'.


South African Advertising Research Foundation.


Statistics South Africa