THE TENSION BETWEEN MARKET AND COMMUNITY.
THE EASTERN CAPE AS A CASE STUDY
OF COMMUNITY NEWSPAPERS

David Anthony Katz

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Supervisor: Professor P. Duvenage
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Summary

The following study takes a look at the tension between market and community, and investigates the Eastern Cape as a case study. The main objective of the study was to determine what phenomenon is causing the rapid expansion of the community newspaper market.

After a brief introduction the first section of chapter one goes about explaining South African newspapers. This was an important process because it helps the reader to understand the South African market. This market had a unique development, the study examines this, and goes on to show the three different spheres of the South African press and takes a look at the major publishers.

Section two places the South African media market in context by looking at where newspapers fit into capitalist free market society. This section first develops the notion of democracy and its close relationship to capitalism. This is followed by a look at newspapers as commercial products, and also takes a look at a section of the South African population that is relatively easy for advertisers and marketers to target. This section finally offers a solution to combat the above inadequacies in society.

Section three looks at the all important rise of more recent forms of media and the effects they have had on the press. This section first looks at how newspapers have been able to adapt and survive and secondly looks to their future survival in what is becoming a digital age.

Chapter two begins by developing the notion of community. It establishes that while the world was heading in the direction of a global community, there has now been a recent trend for people to revert back to local community life in order to combat the inequalities of the global community. The second section of chapter two goes on to give an in-depth description of what community newspapers entail.

Chapter three forms the first section of the second half of the study. It deals with Johnnic Communications (Johncom) and takes a look at the company by looking at
their history and structures as well as results. It goes on to determine Johncom’s role in the South African media market, which includes publishing interests, BEE credentials, strategic positioning and the establishing of Johncom Community Newspapers (JCN).

The final chapter looks at JCN and community newspapers in the Eastern Cape. The first section of this chapter looks at how JCN developed their titles as well as the success these titles have brought. The second section takes an overview look at all the titles in an attempt to find a common denominator that can be attributed to their success. This common denominator is determined to be disposable income. The third section looks at what makes disposable income one of the key factors in the success of community newspapers and uses the appendix interview to support its findings.

The final section of this chapter and the entire study looks towards the future. It is a speculation into the future of both community newspapers and Johncom’s projected community newspaper expansion. It looks at other markets in South Africa, but once these become saturated it is expected that a massive African expansion will follow.
Introduction

In a day and age where new forms of media are deemed more glamorous than print, newspapers have still been able to maintain their status as information leaders. Television, radio and the internet may be able to do a lot more visually, but newspapers still remain the main source of hard news stories.

The biggest weapon in their arsenal has become community newspapers. This form of the press is a current worldwide phenomenon that is changing the face of the information landscape. Community titles are able to provide a service that other media platforms and other print media are unable to compete with. This is especially evident in South Africa and other developing countries.

This study’s intended purpose will be to look at what is causing this phenomenon to develop as well as what is helping to maintain it. A case study of sector growth in South Africa will be used to help discover and determine the factors promoting this growth. This will be done by looking at one of South Africa’s major publishers, Johnnic Communications (Johncom), role in the developing of the community newspaper market in the Eastern Cape. Johncom was chosen because of the author’s lifelong association to the company and the community newspaper industry through his father’s, Anthony Katz, association to the company.

There are four main chapters in this study, the first will look at newspapers and the new world. This chapter will examine the press in South Africa as well as looking at the role of newspapers in capitalist free market society and finally their relationship to newer forms of media. Chapter two will develop the notion of community and its involvement in the rise of this form of print media, as well as looking in-depth into the workings of community newspapers.

The second section of this study will concentrate on Johncom and their role in the development. Chapter three will establish the company and develop both its past and present, while chapter four will look specifically at Johncom’s community newspaper involvement. This in an attempt to discover what it is that is allowing this
phenomenal growth to occur. The final chapter will also go about predicting what could be expected in the not to distant future.
Chapter 1: Newspapers and the New World

The first chapter of this study will deal with newspapers within the South African market. To understand community newspapers, a clear indication is needed of the role that newspapers, in general, play within South African society. The South African newspaper industry has been shaped by an interestingly unique newspaper development.

This chapter will look at newspapers and the New World, the first sub-chapter will explain more about South Africa’s newspaper development in what is a relatively young nation. The second sub-chapter will look at where newspapers fit into a capitalist free market, New World society, which South Africa can be said to be forming a part of. And the final sub-chapter is a very important one in regards to the survival of all forms of newspaper print, as it examines the relationship between newspapers and new media.

1.1 Explaining South African Newspapers:

“Until the seventeenth century each important or interesting event that reached the ears of a printer of news would be enshrined in a separate publication. The idea of placing a series of such “relations” in a single publication in order to multiply the market (“putting the occurrences all together,” as one early editor described it) was the beginning of the Newspaper” (Smith 1980: 319). Since the seventeenth century, up until today, newspapers have prided themselves on their position as the news and information leaders. There may be multiple new forms of media available these days, but just by looking at the fact that newspapers have now entered into their fifth century, and are not only surviving new challenges but also thriving off them, shows the strength and durability of one of the oldest forms of media and communication.

In South Africa, the newspaper industry paralleled the development of the land. Generally people came to South Africa to seek greener pastures, so naturally the
main importance for settlers immigrating would be of an economic nature. They were not all too concerned about who was governing the Cape, what they wanted to know was where to begin a new economically successful life. There is no denying that independence would become an issue, but in the beginning settlers just wanted to know that they could secure for themselves a profitable life. In South Africa, “[u]nlike in other parts of Africa and probably in many parts of the colonial world where the press arose out of a struggle for freedom and independence from colonial domination, the press in South Africa did not develop as part of an attempt to challenge, subvert, and replace the colonial order; rather, the press developed, in most cases and for many years, as an auxiliary of the imperial state to promote and speak for the expanding commercial and financial interests of white proprietors” (Anonymous 5).

1.1.1 Spheres of the South African Press:

The South African press development, to promote commercial and financial interests, was not their only distinctive feature. In South Africa there developed three different spheres of the press, that of English, Afrikaans and Black press. In essence this divide still exists, even though there has been some form of amalgamation between many English and Black press publications in recent times.

If the roots of the English press in South Africa are traced, it becomes clear that it was (and still is) the biggest commercial sphere of them all. “In the first decades of the 19th century, the only regular publication at the Cape was the Cape Town Gazette and African Advertiser. The first newspaper, the South African Commercial Advertiser, appeared in 1824” (Anonymous 1). What these publications both had in common, was the supporting role they played in developing the everyday commercial market of the Cape Colony. This notion of publications supporting the commercial sector continued through the development of the South African press, and became no more apparent than in their relationship to the mining sector. “The history of the South African English newspaper industry is linked to the mining industry, as mining tycoons established or acquired newspapers through Johannesburg Consolidated Investments, a subsidiary of mining giant Anglo American. Independent Newspapers, South Africa's largest newspaper group, traces its history back to 1889” and once Anglo American bought into the company, it was a majority shareholder right up until it “ended its ties with Argus Newspapers in 1994 when it sold 31% of its
stake to Tony O’Reilly, the owner of Independent Newspapers and Media of Ireland” (Anonymous 2). Johncom can also trace their history back to the mining sector “when Abe Bailey, a mining tycoon, bought the Rand Daily Mail in 1902 and the Sunday Times in 1906.” Anglo American “further reduced its involvement in newspapers when it sold 35% of its shareholding in Times Media Ltd [(now Johncom)]” (Anonymous 2) as well. A history of Johncom as well as a look at their current structure will be provided in chapter three of the study.

The Afrikaans press was a different story, it “was established mainly as a reaction to the liberal views expressed in some of the English papers. The papers were also more concerned with the Afrikaner cause against British domination than with being commercial ventures. The press was seen as a cultural and political weapon for the promotion of the Afrikaans language and political independence, as well as for drumming up support against the perceived threat of black nationalism” (Anonymous 2). The mainstream Afrikaans press, which developed at a later stage to that of the English, has invariably been more political in the past. Their involvement in Apartheid was extensive, as they both helped to establish and maintain it (this is not a unique occurrence as any restrictive political regime uses press control to spread their propaganda). Their involvement is no more apparent than the presence of D. F. Malan who was the first editor of the greatest Afrikaans daily, Die Burger, and went on to become a Prime Minister of South Africa during the Apartheid years. Today, they are still in a sense politically orientated as they are fighting a similar battle by trying to establish a domain of their own in order to maintain Afrikaans culture and ideas. South Africa may have eleven official languages, but English is by far the most promoted as the main language of choice (especially by government). Just like there is a need to maintain a multi-party government, there is a need to maintain different cultures and languages within a successful society.

“The origins of the black press in South Africa is linked to the establishment of mission stations in the Eastern Cape and the work between missionaries and indigenous people” (Anonymous 2). Naturally the initial publications were that of missionaries trying to reach the local people in their own language as well as English. But once they had given the locals the publishing knowledge, it was only a matter of time before a truly local newspaper was printed. “[T]he most significant [one] being Imvo Zabantsundu (African Opinion), started by John Tengo Jabavu in King William’s Town in 1884… His paper was the first to be written, owned and controlled
by black people” (Anonymous 2). There were unfortunately big problems to follow, as he was voted off the NPU at the 1912 congress as “no coloured or native newspaper proprietor should be admitted as a member of the Newspaper Press Union” (Mervis 1989: 34) and these newspapers did not have the sufficient infrastructure around them to survive. This is what initially led to the commercial exploitation of the Black press and unfortunately to a certain extent it still remains today. “[L]ack 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 an ex-farmer who saw the potential of profits 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” (Anonymous 2). The study will look more in-depth into how Black press was and still is used for financial gain by white proprietors in sub-chapter two.

1.1.2 Apartheid and Beyond:

All South African newspaper development was severely stunted by the institution of Apartheid. “During the apartheid era, newspapers and magazines had to cope with increasing numbers of laws affecting press freedom” (Anonymous 1). These strict laws continued to make conditions in South Africa non-conclusive for the development of a struggle of the press. Even establishing a new publication became a nightmare. “During the apartheid era, newspapers had to apply for registration if they published more than 11 times a year. An arbitrary amount was also required before registration was approved” (Anonymous 2). When Anthony Katz was trying to start Our Times in late 1987 and early 1988 he experienced first hand what it was like to establish a publication during the darkest days are Apartheid. A state of emergency existed and he strongly believes that the government were actively trying to stifle the spread of information. It took almost five months to register the newspaper and he had to go through three separate registration requirements. This included, for example, getting clearance from The Department of Internal Affairs and they had unbelievable requirements in terms of the Department of State Security. In regards to registration fees, these ranged from several hundred thousand rand (in 1986) for a daily newspaper to R40 000 for a weekly and R20 000 for a bi-weekly. Less frequent
papers did not have to pay the deposit. (Katz 2005b). Our Times managed to convince the government that as a bi-monthly, in every third month they would skip a week and were thus not a bi-weekly (26 editions a year) but a bi-monthly (24 editions a year). Their logic worked, and they were classified as a “less often than bi-weekly” and hence never had to pay the outrageous deposit.

The end of Apartheid and beginning of so called Democracy with the electing of Nelson Mandela into presidency in 1994, signalled a change in the press of South Africa. “Our new Constitution safeguarded freedom of the media, freedom to receive or impart information or ideas, freedom of artistic creativity, academic freedom and freedom of scientific research” (Anonymous 6).

Post-Apartheid South Africa has seen a metaphoric rise of media consumption from the Black people of South Africa. This rise has been coupled with a thirst for knowledge of these same people, as they have become exposed to more readily available information. Studies have shown, that of the ten most watched television programmes by Black South Africans, five of them are news and information related. This is even more prevalent among the youth, with 16-24 year olds preferring real programmes that deal with real issues in a lively way. (Swart 2005a). Furthermore there has been a rise of middle-class spending wealth coming from this group. “In 1994, the Living Standards Measurement (LSM) 1 was the largest group, constituting 18% of the population. Ten years later it became the smallest accounting for 6% of South African adults. There was in fact a general movement up the LSM continuum, with the lower LSMs showing improvement by transferal into the upper groups” (Swart 2004). What LSMs basically are, is a means of measuring basic possessions and living standards and the distribution of how the income people earn is spent. The importance of this form of information is due to the fact that it is more important for consumers to know how people spend their money, rather than how much they earn. There is currently a situation where about one third of the population (16+) is in LSM 6-10, of this Black South Africans make up a total of 6,4 out of 10,5 million people. (Swart 2005a). This change has created a whole new, knowledge thirsty market, for newspapers to draw from.
1. 1. 3 Who owns South Africa’s Newspapers:

“South Africa has 20 daily and 13 weekly newspapers, most in English. Some 14.5-million South Africans buy the urban dailies, while community newspapers have a circulation of 5.5-million” (Anonymous 6). The South African market is large and expanding, but there are only four real players. Independent Newspapers, Johncom, Naspers and CTP/Caxton essentially control the newspaper industry in South Africa. In general there is a very interesting model working in South Africa, where the newspapers do not overlap to a great extent. English and Black press are in many instances one market these days (besides smaller mother tongue newspapers) and the Afrikaans press caters for a different language niche. Besides Johannesburg (because of the enormity of the market, and the amount of money to be had) where each of the four publishers have a daily, no other region of South Africa has this kind of competition. Naspers covers pretty much the entire Afrikaans market, while Independent operate out of the four major metropolitan regions, leaving the Eastern Cape as well as the major Sunday English market to Johncom. The main opposition between the English and Afrikaans press is not over readers, but over a share of the advertising market.

Independent Newspapers, owned by Irish tycoon Tony O’Reilly’s company Independent Media, is by far the biggest newspaper producer in the country. The majority of its titles are in English and it publishes 14 daily and weekly newspapers in the country’s four major metropolitan areas (Johannesburg, Pretoria, Cape Town and Durban). The Star is the group’s flagship daily newspaper. Other dailies include the Cape Argus, the premier isiZulu newspaper Isolezwe, Daily News, Cape Times, the Mercury, Pretoria News, the Diamond Fields Advertiser, Business Report and Daily Voice. The group’s aggregate weekly sales are around 2,8 million and they reach about 63% of the entire English market. The biggest and most important statistic for Independent, is the fact that they receive 48% of the total advertising spent in the paid newspaper market. This is what makes them the biggest market player. In regards to community newspapers, they currently only have an impact on the Cape Town market, where they have thirteen free weeklies. (Anonymous 2). In relation to Johncom, their markets don’t overlap too much as of yet. The only two instances are the Sowetan versus The Star (where the Sowetan is starting to eat into sections of The
Star’s market), and the Sunday Times versus the Sunday Tribune (and here they only battle it out in KwaZulu Natal).

Johnnic Communications is one of South Africa’s major corporations. While they have large percentage shares in numerous different companies, their main focus remains in the newspaper market. However due to this fact, they are not as large as Independent when it comes to newspaper publishing. They are however in a very strong position, and because of a large share in CTP/Caxton, they have allowed themselves to become content produces, by selling the majority of their printers and buildings (barring both Port Elizabeth and East London) and moving their printing over to a joint venture with Independent called TNPC (The Newspaper Printing Company), shortly, reportedly, to come to an end, and CTP/Caxton (Katz 2005b). Johncom are currently involved in a mass offensive to gain control of the community newspaper market in the Eastern Cape. The study will be looking more into this, as well as the company as a whole and a complete history and current structure, in chapter three.

Nasionale Media, or Naspers as it is commonly known, is a multinational media group with its principal operations in print media. This section of the company is known as Media24. Media24 dominates the Afrikaans market, but they have over the last couple of years made forages in the English/Black market. This is seen by their starting up the Daily Sun, which is the largest daily newspaper in South Africa. It is primarily targeted at the lower end of the Black market. Other Media24 dailies include Die Burger, Beeld, and Volksblad. Media24 has been quick to seize opportunities, just like their moves into the mass Black market, they have seen the potential of profit to be made from community newspapers. They currently have English and Afrikaans community newspapers in the Western Cape, Eastern Cape, Free State, Northern Cape, Vaal Triangle and North West. (Anonymous 2). The Eastern Cape is where they have conflicting interests with Johncom. At the moment they are lagging behind as Johncom move fast to dominate the local market. The Eastern Cape is one of the largest markets in the country due its enormous size and the amount of people spread out around the province, so it can be assumed that Media24 will continue to play a role and continue to try to expand their presence within the market.

CTP/Caxton is the smallest of the four, but still play a vital role. They are more renowned as printers as opposed to publishers, with their main markets being
Gauteng and the Western Cape. Johncom own a 38% share of the company. CTP/Caxton’s only major South African daily newspaper is the *Citizen*. They are however a major community newspaper player as they have 88 free and sold CTP/Caxton owned or co-owned titles and 30 regional and community newspapers in their stable. (Anonymous 2). Their newspapers are seen more as carriers of inserts, because as the largest printer of the four, they print a lot of inserts for major organisations, such as Game and the big supermarket chains. (Katz 2005b). Their relationship with Johncom is important because as stated they do a great deal of Johncom’s printing for them. They also sell national advertising for Johncom’s community newspapers through their company NAB (Newspaper Advertising Bureau).

1. 1. 4 Newspaper Form:

There is one last major aspect in regards to understanding newspapers in South Africa, this is in connection with the basic form that newspapers follow. This is because newspaper form determines how newspapers are run. In regards to newspaper form, what is meant in this instance is how the organisation of a newspaper is run. It “consist[s] internally of a proprietor controlling three different departments: editorial, production, and business” (Barnhurst & Nerone 2001: 75). Now because the proprietor is out to make a profit, there is a situation where business is the most important aspect of a newspaper. This is nothing new to the South African industry as their newspapers developed out of commercial ventures. This does however hypothesize that newspapers are a fully grown part of capitalist free market society, and where it would be expected of them to support in the battle against this institution, this becomes impossible because of their strong involvement within this sprawling capitalist society.

1. 2 Where do Newspapers fit into Capitalist Free Market Society:

Firstly there is a need to look at a very brief history of democracy, so that the political platform that society currently exist within can be understood. According to Ernesto
Laclau and Chantal Mouffe in *Hegemony and Socialist Strategy*, democracy was born out of a struggle against the dominant classes. A new power emerged out of the “solid social base of the working class” (2001: 149). The major problem is that these new powers enjoyed the power and financial wealth, that they could obtain, so much that they neglected the people and the cause that they had initially fought for. This situation still occurs today, as society has failed to completely realise liberal democracy and the masses still find themselves in a poverty stricken state.

The primary role of newspapers in society is to inform, unfortunately this is not their only role. They have seemingly become capitalist pawns, as they have become a voice for capitalist institutions to speak through. It is the same as cricket or rugby, where everything would be delayed if the television cameras were not able to film the start of the game, newspapers would not go to print without any advertising (Some smaller publications skip editions over quieter advertising periods and then come out with bumper issues when they have more advertising). This is because like sports are controlled by television money coming in and administrators getting money out, newspapers are controlled by the advertisers’ money coming in and proprietors getting money out. As a society humankind are in a precarious situation where they cannot boycott these newspapers, because it would do no good for them to cut themselves off completely. Just like an individual could not boycott driving because they believe that cars are polluting the ozone, using up all the limited fossil fuels and are way over priced, because then they would not be able to get around, some of the information in newspapers is needed to survive. The following sub-chapter will look at some of the aspects of capitalist involvement in the press, as well as looking towards a solution to the problem.

1. 2. 1 Liberal Democratic Society:

An important link in the study is to develop what type of society South Africa find themselves in today. Much like the rest of the world, they are becoming part of a global village, South Africa models its political structures on liberal democracy. This is in the present day unfortunately a system that capitalism thrives in, because as Chantal Mouffe puts it, “liberal democracy is in terms of economics” (Angus 1998). In the same television interview Mouffe relates that liberal democracy is not an out and out flawed system, but it just needs to be practised in the right form. She goes on
to explain that the problem with liberal democracy is that their notions of liberty and
equality are not implemented. This can be seen in every day life, just by looking at the
work force, where equality definitely does not exist. Newspapers should be pushing
forward this cause of implementation, but instead it seems that they are only bent on
publishing sensationalist stories that will sell newspapers and in turn keep advertisers
happy. This is seen less in community newspapers where they try to look out for their
communities. However these newspapers are still owned mostly by the major
publishers, which means that they are still driven by advertising sales. Community
newspapers do however seem to be in a position to help change unravel. This is due to
the fact that, “[c]ommunity-oriented media provides an exceptional vehicle to move
beyond cultural imperialism without loosing sight of the asymmetrical relationship
between transnational media corporations and local publications, and to interrogate
the contradictory tendencies and countervailing trajectories associated with
globalization” (Howley 2005: 33).

There is a definite need to develop and change liberal democracy, but not
destroy it completely. The results of this extreme form of change were “shown to be
disastrous by the tragic experience of Soviet-style socialism, and it needs to be
discarded” (Mouffe 1992: 1-2). If there is one thing that is not wanted, it is another
period of cold war. There is a need for leftists, through writing and the press, to
develop a radical democracy from the pros and cons of liberal democracy. To do so
there is a need to “force liberal democratic societies to be accountable for their
professed ideals” (1992: 2). The biggest problem once again, comes in the form of
capitalism, and the press’ strong ties and entanglement with its institution. “One
objection to a strategy of democratization conceived as the fulfilment of the principles
of liberal democracy is that capitalist relations constitute an insuperable obstacle to
the realization of democracy” (1992: 2). Money and the creating of capital appear to
be the reasons behind this sad development. The positive of the situation is that there
is a knowledge that the problem exists, the question is how can it be solved. Before a
solution can be realised, there is a need to look at the relationship between
newspapers and capitalism i.e. consumerism.
1.2.2 Newspapers as Commercial Products:

“[A] newspaper is a business. It is a business first, and it is a business in the end. When a newspaper folds, it fails because the advertising didn’t happened. When the paper succeeds, though the news side may want to take the credit, it is a business success” (Lauterer 2000: 265). Newspapers have become consumer driven and supported. At the end of the day the major publishers are like any other multi-national company, they are in business to make money. It does however seem that “[t]he growing popularity interest in community media across the globe indicates [a] profound dissatisfaction with [the] media industries preoccupation with increasing market share and profitability at the expense of public accountability and social value” (Howley 2005: 33). Community newspapers are now in a position to make a difference. Although business is their prime objective, when faced with a dilemma of whether or not to publish a story that could harm their profit, they more often than not choose to retain their ethical opinion. Our Times published a story in 1999 when a prominent local attorney in St Francis Bay went bankrupt. They ran the story, as they believed it to be in the public’s interest. A huge backlash of advertising boycotters – instigated at a meeting by the attorney – from St Francis Bay occurred. Even though he himself started advertising again two years later, there are two major businesses in St Francis Bay that to this day do not advertise in Our Times. (Katz 2005b).

As a society humankind find themselves immersed in a world wide phenomenon of newspaper consumerism (South Africa included). This is naturally being led by the Americans. They were also the ones who began the market revolution. In America, “[a]t the beginning of the nineteenth century the newspaper was about politics…[n]evertheless, commercial functions from the outset augmented the political work of the newspapers” (Barhurst & Nerone 2001: 68). It was a time where “the products of human labour were turned into commodities…this…destroyed previous social relations” (Laclau & Mouffe 2001: 161). These such occurrences also played a part in the death of the editor as they were know before. “As the market transformed the press…the editor’s newspaper gave way to…the publisher’s newspaper. We derive the name from the fact that, although the editor retained a guiding hand in selecting news matter and still functioned as the chief voice of the
newspaper, paramount control has passed into the hand of a proprietor who often [plays] no editorial role” (Barhurst & Nerone 2001: 73).

As a society humankind are now in a situation where they know that newspapers are run by business driven proprietors. Also that the Americans are leading the way through a process of so-called “Americanization” (2001: 276) where they are imposing their ways on the rest of the world, by leading a massive growth in global corporate culture. Also known as Globalisation, this process forms the root of the resistance developing against its notions and that of unrealised liberal democracy. This could be why community orientated development is becoming popular, as people fight to retain their national and regional identities. This could also be why community newspapers are having such a remarkable impact. Unfortunately it is an ambiguous situation, because while people are trying to remain community orientated through community publications, it is in essence allowing the multi-national corporations to reach more people in more places. Jeremy Tunstall believes that each of the major mass media organs were “first given its characteristic large market shape within a single nation—the United States”, and this is because “[w]hile European governments taxed and censored the press, the American government traditionally subsidized it” (1977: 3). He also states that, while government tended to control the press in Europe and other countries, in America it has always been freely owned by commercial companies. Through this the Americans were able to lead the way in the development of multi-national corporations and the rest of the world has been forced to follow.

Advertising is on the increase, there is now more advertising in print publications than ever before. This is not restricted to newspapers, if you compare any magazine over the past five years, you will see a massive increase in advertising content. “Why are community newspapers in the areas they are? Cause that’s where the money is” (NAB 2005: 11). This is one of the reasons why community newspapers are playing such a vital role for advertisers, because they are pretty much able to cover all the different sections of the market. Advertisers are now able to place adverts directly to the various sections that they wish to attract, leaving little wastage as you would have with dailies or newer media formats. Prominent American community journalism personality Jock Lauterer echoes this view. “A community newspaper must be vital to the reader as a source for business information, sales, product reinforcement, business
identity—in other words, advertising...the paper must be vital to its advertisers, providing a platform for timely messages, significant circulation and market penetration” (2000: 267).

“Community newspapers are not magical or better than other media, they are just configured in a way to provide an effective “script” for shopping and other home related issues, in an environment that allows for meaningful processing of your advertising messages” (NAB 2005: 12). Newspaper configuration to suite consumerist society is not limited to community newspapers, and proprietors are well aware of the niche where the money is to be made in the market at the moment, and where the future lies.

1. 2. 3 Black Press and the Youth:

There are certain institutions that South African newspapers realise they can utilise to their advantage. One is something that they have been doing for years, and that is utilizing the massive Black market to make massive profits. The second is targeting the youth, in various manners, as they thirst for knowledge.

The Black press market in South Africa has always played an important role, but the post-Apartheid flux of freedom allowed more of the market to gain exposure to more institutions. In essence there was a whole new market for newspaper marketers to develop and utilise. As stated in the development of newspapers in South Africa, this was not a new phenomenon and “most of the black press was taken over from the 1920s by white business interests, who were attracted by the market it served” (Anonymous 1). South Africa currently has a situation where, besides Johncom, the other three major publishers, Media24, CTP/Caxton and Independent, are still run by white proprietors. All three however have utilised this new post-Apartheid Black market. The market always existed, but it has been able to expand, as people have been able to move around freely, are more literate, and in turn have been exposed to more consumerist products.

The main innovator in the market has been Media24, who have utilised the market to such effect that they have turned the *Daily Sun* into the largest daily newspaper in the country. It was “the first [post-Apartheid] tabloid aimed at the Black working class. Initially met with disdain by the established press, its huge sales - and the fact that it has made new newspaper readers out of millions of South Africans -
have earned it some respect” (Anonymous 6). They sell it for a nominal price and it is filled with gossip, soccer, competitions, naked woman, stories of witchcraft, etc. This has enabled them to knock the opposition, as it also contains a high percentage of advertising and it sells in large quantities. (Katz 2005a: 4). This newspaper is completely business and consumer driven, and it has put pressure on the other publishers to follow suit. Johncom’s reply was to acquire the Sowetan, which had been the former market leader, but took a huge knock from the Daily Sun. Unfortunately they needed to act fast and had two options: change their content to compete with the Daily Sun or they had to decided to compete with The Star “by strengthening content and mak[ing] the Sowetan a ‘better quality' newspaper. This mean[t] attracting the so-called higher Living Standard Measurement (LSM) earners; the middle class in short” (Numsa 2004). Johncom have somewhat successfully done this, in relation to The Star, their sales are about 50 000 less, but their readership is almost triple. They now have half the readership of the Daily Sun, but only sell one third of the amount of newspapers. (Anonymous 6). At the end of the day, it does not matter who has the majority market share, the key fact is that the consumerist market is there for all capitalist institutions, proprietors and advertisers alike.

The other aspect mentioned is that newspapers are targeting the youth, and once again the Black youth, because of their sheer mass, and more importantly for newspapers, their thirst for knowledge. The idea within the newspaper industry is, if they want it, then give it to them. Another indication of this fact is that if one looks at both the Daily Sun and the Sowetan, their readership is up to thirteen times their sales. (Anonymous 6). This indicates that one family member buys the newspaper, while the whole family takes their turn to read through it. Knowledge of this fact is beneficial to advertisers, as they know they are reaching the entire family market.

The other area where they are targeting the youth is through education. “Our school children facilitate access to information to a large group of parents who previously did not have the privilege of formal education under the Apartheid era. It was for this reason that the Sunday Times launched its not-for-profit, weekly education supplement ReadRight in January 1999” (Swart 2004). In that statement itself it is easy to pick-up the economic implications of their introducing the supplement. While this does provide more people access to information and they do distribute free copies to certain urban schools, their intentions seem to be more about economic survival. They realize that reading and providing reading materials is the
key to the youth and their future to surviving in this capitalist society, which tends to favour newer forms of media.

1.2.4 Solution:

Laclau and Mouffe appear to have the right ideas for reforming democracy, which in a sense would even out the effects of capitalism. In essence their solution is a rather simple and practical one. Unfortunately the biggest problem remains in the overcoming of the forces of capitalism, who will fight to maintain their power basis.

The first step towards change would be the realisation that it is needed to reform liberal democracy into a form of radical democracy and not destroy it completely. “A situation of hegemony would be one in which the management of the positivity of the social and the articulation of the diverse democratic demands had achieved a maximum of integration—the opposite situation, in which social negativity brings about disintegration of every stable system of differences, would correspond to an organic crisis” (Laclau & Mouffe 2001: 189). Newspapers could play a vital role in this development, and it may become imperative that they do, but the question is would they support changes to a system that they are thriving within.

There is a need to expose the masses to the message, in order to reform society, and newspapers are still the key informers. They are the ones who are needed to create a moment of tension that is needed to bring about change. “This moment of tension, of openness, which gives the social its essentially incomplete and precarious character, is what every project for radical democracy should set out to institutionalize” (2001: 190).

If these ideals can be realised, the next necessary step will be “to put an end to capitalist relations of production, which are at the root of numerous relations of subordination.” This could lead to a situation where “participation by all subjects in decisions about what is to be produced, and the forms in which the product is to be distributed [would be seen]” (2001: 178). This notion of equality is essential for the survival of the human race and more importantly, of our planet. “Such [a] hegemony is termed by Ernesto Laclau and Chantal Mouffe [as] “radical and plural democracy” based upon the principle of liberty and equality for all, in which all relations of subordination and exploitation are abolished – such as capitalism[,] racism and sexism
etc” (Precious n.d.). This would hopefully guide society into a situation where these issues will hopefully be addressed and re-evaluated.

Whether or not newspapers will aid in a transformation is yet to be seen. It would be wise, because it seems like just a matter of time before the world is once again plunged into political change and newspapers as opposed to any other form of new media offer the answer in generating support and understanding in this time of need. They are the in-depth medium through which its message needs to be carried, and here is where community newspapers could play an even more important role. This realisation is coupled with a need to understand why newspapers have been able to maintain their status as the information leaders. There are plenty of other forms of media out there today, newspapers however, appear to be able to hold their own and remain in the pound seat.

### 1.3 Newspapers and the New Media:

Each time a new form of media has been developed, people have speculated as to how newspapers will suffer. However each time they have been able to not only maintain their market strength, but have managed to strengthen themselves by using these new forms of media to their advantage. Their biggest knock came about with the advent of the Internet. Here you have a form of media that you can view at anytime, today practically anywhere, and whatever you want. Unlike television and radio, you can read and lookup what you specifically want to see, and unlike newspapers and magazines, you can read numerous articles from numerous publications. This had a big impact on newspapers in the 1990s, especially in developed nations, but they have seen a revival in recent years. (Katz 2005b). This is much like the situation with horseracing in South Africa, they had a huge dip in attendance and betting when casino licenses where awarded in South Africa after Apartheid ended. Eventually however, people got bored of the casinos and the old horseracing faithful are now back at the trackside. People are once again sitting and enjoying reading a newspaper without having to log onto an electronic device. South Africa as a developing nation are also in a position where the majority of people still do not have access to computers, so other forms of media (most importantly in this case newspapers) are
still the only way to reach these segments of the population. The important question
here is, how are newspapers faring against the other forms of media.

1.3.1 Unwavering Newspapers:

Most people are still under the impression that newspapers are in trouble, but this is
not the case. One of the biggest driving forces behind the current sustained
development of newspapers is the fact that more South Africans can now read, this
impact is being seen in the lower LSMs. “Over the last 10 years AMPS show that the
illiterate segment of the population in South Africa has declined by over 30% and
newspaper readership is up by over 40% for the population over the same period”
(Anonymous 4). Coupled by this rising literacy in South Africa, newspapers are also
seen as one of the most reliable forms of information. According to a worldwide
consumer evaluation, with regards to media credibility; newspapers came in at 43%
followed by radio at only 13% and the Internet came in with a minimal 8% credibility.
In South Africa however, Sunday Times readers evaluated its credibility at 88%. With
regards to accuracy; newspapers were at 50%, followed by television at 17% and the
Internet at only 10%. Sunday Times readers evaluated it at having 80% accuracy.
Finally when it came to which form of media has the broadest coverage of events;
newspapers were once again at 50%, followed more closely by television at 32%, and
the Internet once again came in at only 10%. Sunday Times readers however rated it at
97%. (Swart 2004). This is hardly a form of media in trouble, but rather the media
platform that people trust. Especially as it would seem within South Africa.

What makes it such a trustworthy form of media is that unlike broadcast
media, it offers a form of a critical response to its publications, a chance for the reader
to voice their opinion. What is also interesting is that people regard it as being much
more efficient than both magazines and the Internet when it comes to print ethics and
response. The responsiveness of newspapers are also a key factor when attracting
advertising. “Advertisers need two types of communication: awareness, for
introduction and branding positioning necessary for long term business success” and
“response, for results aimed at making the sale and getting the feet through the door.”
Awareness includes “television, radio, cinema, certain magazines and outdoor,”
which are all “passive, emotive, brand building, fleeting, sexy and entertaining.”
While response includes “newspapers, direct mail, knock ‘n drop and some
magazines,” these are all “active, information rich, immediacy consumed at own pace, repeat referral and portable” (NAB 2005: 2). While both forms are vital, response holds the key with regards to retail advertisers reaching their markets at all times.

1.3.2 Newspapers as Market Leaders:

A person, for example, who does not have a lot of free time and is always busy; is not going to sit through hours of television news to catch the few minutes that interest them, they are more likely to pick up a newspaper and go straight to the sections that they want to read. (Laermer n.d.). This example shows why newspapers are such an important form of media. In just a few short minutes you can pick-up on what would have taken you a whole night to watch on television. Radio on the other hand is way too brief and its news purpose is more of a headline than anything else. The Internet is also not the greatest option, as one is confined to the use of a computer (or these days a cellular phone), and once online the Internet is so broad. A newspaper is a relatively compact, information loaded publication that you can take anywhere and read anytime, this is part of the reason why it continues to remain the information leader.

When it comes to advertising and its market reach, they are once again the market leaders. Community titles are leading the way by providing direct access to niche communities. If one was for instance considering advertising on radio or television, they would find that it is very expensive. This is not due to the fact that they will not have a lot of viewers or listeners, but rather that there will be a lot of wastage or unwanted listeners who do not meet the product profile. The problem is they are not reaching the market that they are targeting with full effect. “Where radio is concerned it is worth noting that production and translation costs of adverts are more costly than print. In addition to break through the clutter, the media planner need[s] to place a minimum of 21 adverts per week per station. Then in order to reach a wide enough target group of listeners, a minimum of 10 stations would have to be used” (Swart 2004). This would land up costing a fortune, when you could have just had a much cheaper print advertisement produced, and you could have targeted your specific market by placing it in the right community newspapers.

Community newspapers are extremely well placed within the South Africa market. This is due to the fact that unlike in the United States, there is no provincial television, which means that in the broadcast sector, you need to listen to radio for
local content. (Katz 2005b). The problem is that radio stations tend to cover entire provinces (like Algoa FM in the Eastern Cape and KFM in the Western Cape). There are also very few community radio stations (like Bay FM and Radio Kingfisher in the Port Elizabeth area) which tend to only cover the larger areas and once again have very limited reach. While specific community newspapers also have a limited reach, it is a cheap enough form of media to have a couple within a small area.

1.3.3 Surviving the Digital Age:

While it is well documented that most other forms of media cannot compete with newspapers when it comes to cost-effectiveness and specialized reach, the Internet and other digital media pose the greatest threat to its dominance. As stated there was a phase a couple of years back where the industry did take a knock from the digital media emergence. They have however been able to once again recover their position through their manipulation of community newspapers and their combating of the online threat. At the moment due to South Africa’s current developing state, it is not such an imminent threat as it is in first world countries, but a time will come when it is. Newspapers need to be ready for that.

In the introduction to his book, *Goodbye Gutenberg: The Newspaper Revolution of the 1980s*, Anthony Smith talks about “[t]he two previous transformations in human techniques for storing information [as] writing and printing” (1980: 3). He goes on to examine whether the computer and its interaction with text would constitute a third great turning point in information systems. Today, some 20 years later, it is known that it did indeed change the face of information systems. The Internet is now once again bringing about a transformation as the fourth great turning point. This is due to its ability to produce and store massive amounts of information that now exist in a virtual domain that can be accessed anywhere in the world by anyone at any given time. This creates a massive opportunities which will be further encouraged with the explosion of the cell phone and hand-held technology interfacing now available.

There are various ways that newspapers can go about combating this threat, they can do so by utilizing the weaknesses of digital media to their advantage, as well as by joining them in their quest. “Like previous technologies, the Internet’s intrusion into newspaper operations has been both conservative and revolutionary, both
progressive and retrogressive. Although often considered the antithesis of the press, the Internet in daily use has so far acted as surrogate print medium” (Barhurst & Nerone 2001: 284). Two areas where the Internet falls short, is that their advertising dominates online, and it becomes annoying as advertisements pop-up and fly at you all the time. The second area is in regards to the amount of processes it takes to perform a function. “To read a single news article generally requires several clicks of the mouse or scrolls through the promotional maze, with each few paragraphs of text involving yet another exposure to ads (which usually must download first). Complaints about connection delays aside, the promotional mission clearly dominates or makes its presence insistently known” (2001: 286). Despite these facts, it is still extremely popular to look at stories online, and this has forced newspapers to get involved.

Almost all newspapers, today have online websites. This shift was necessitated for survival as things such as 3G mini newspapers have appeared on cellular phones in Spain, and websites such as Craig’s list.com have devastated the classified income of America’s West Cost dailies (but importantly not from their community newspapers in the area). (Katz 2005a: 5). As has been established the use of the Internet has also started to aid newspapers in their competition with broadcast media, as is seen by looking at the example the major dailies in America are setting. “Today print journalists in our various "fronts" are filing their stories from the trenches and posting them on the New York Times' site within minutes, so we're gotten up to speed with no wasted time. The next day the affiliated papers use their space for deep reporting that really explains what happened…[t]he Times and its kind use their ink to further the story” (Laerner n.d.). This is something broadcast media cannot compete with. Newspapers can tell us so much more, and now they can inform us almost just as fast. They are using the Internet to compete with broadcast media, while also using it as a medium to survive what is becoming a digital age. The latest move by the Sunday Times sees the introduction of The Reporter, a daily internet site which invites readers to send stories and photographs from either their computers or cell phones to help ensure that they are first with the story and also drill down at community levels.
Chapter 2: Community Newspapers

Chapter two deals with an important aspect of this study because this chapter is going to explain what is so important about the notion of community and why it is leading to the establishment and strengthening of community newspaper titles. One of its more crucial influences could be due to the grassroots movement to liberate democracy and transform it into a radical, pluralist state.

There is an emphasis being placed back on community, and the idea of reclaiming back our personal identities by focusing our attention back onto what is around us. Community newspapers are pertinent within society because they allow us to focus on, and keep our community identity. “They give the individual audience members more active control over the communication process” (Fidler 1997: 40). Capitalists are at present utilising this to their advantage. They are making more money, by being able to reach more markets. The problem is, they do not realise that at the same time they are allowing information to travel to more people in more places, and more importantly to the middle classes. This is where reformation begins, and this is why community newspapers are so importantly placed to bring about change. For the moment capitalist institutions rule this domain, but a time may come when it shifts, and this could be helped along thanks to the current speedy spreading of the community newspaper market.

2.1 Community:

The very first step in bringing about change is to recover a sense of community. “The notions of citizenship and community have been stripped of much of their content by liberal individualism, and we need to recover the dimension of active participation that they hold in the classical republican tradition” (Mouffe 1992: 3). It is clear that the notion of community is once again alive, but what facet of community is being referred to in this study?
A basic definition of community is “[a] group of people living in the same area under the same local government and laws…bound together by a common environment…and psychological as well as economic, social and cultural bonds. Because of their common interests, needs and concerns, they create for their own use, institutions of a government, educational, economic, recreational and religious nature. The population identifies itself with the community, which may take the form of a town, city, or some other political subdivision of the state (Meyer and Brightbill, 1964, p. 169)” (Lauterer 2000: 18). Like Stephen Gudeman says, “[w]ithout a commons, there is no community; without community, there is no commons” (2001: 27). You need to have something in common when forming a community, but at the same time a community will not form before it has established a common grounds. This can be anything, from language to land and even occupations. Like Gudeman adds further down the page, “the commons is the material thing or knowledge a people have in common, what they share”. At the end of the day the important notion when understanding community, is that you need this togetherness, this common grounds that pulls certain types of people together.

2.1.1 A Global Community:

Over the past couple of decades there has been a metamorphosis from local communities towards the development of a global community. This has been brought about by the institution of capitalism through commercialism and the development of multi-national companies. All over the world it is emerging that these multi-nationals control the entire market as they buy out more and more smaller companies. South Africa is no exception, and just by looking directly at the local publishing companies it can be seen that they are increasingly buying out small print and publishing companies to the extent that they have monopolised the market. There are restrictions regarding monopolising of markets, but this is in reference to only one specific company controlling an entire market, which technically makes it alright for two or three to do it. There is a strong need for governments to do more to protect this from taking place. This is why there needs to be a reforming of democracy, and these days with a current flux of people back towards local community orientation, this could be a very certain future solution.
The problem with this global community is that goods are not exchanged on an equal basis. There are certain sections of the community (mainly the United States) that dominate the market, while the rest of the world suffers trying to break into it. The big flaw is that they are unable to, because the market leaders are enjoying their share of the pie too much to let anyone else have a piece. This is a possible reason behind the logic of why people are trying to regain a local community identity. The international capitalist community does not share and they have no values, it is all about making money and gaining power. Meanwhile local “[e]xchanges in community are different, for they revolve about ways of dividing a shared base, are guided by multiple values, and have to do with fashioning identities as well as material life” (Gudeman 2001: 52). This notion of sharing between each other is playing a major role in the re-establishment of local community. People are trying to move away from global culture, and community newspapers are aiding in this passage, as Marshall McLuhan states, “print media distance[s] humans from the world and each other while electronic media [makes] us more interdependent and recreate[s] the world in the image of a “global village”” (Fidler 1997: 99).

2. 1. 2. Re-establishing Local Community:

This reverting back to local community life is important, and it forms a major part of what is currently making community newspapers so successful. They have the local support as the information tool to maintain their community independence and financial success. “We live in associations or communities that offer a degree of certainty and security. In the community realm of economy, the base and social relationships are salient, although the other value concerns are found: impersonal trade is directed to securing items that maintain community, and accumulation is exercised within social relationships” (Gudeman 2001: 9).

You know what you are getting out of your community and that’s important, you also know that your community will look out for you. The local newspaper is a way of doing just that. This is one of the reason why a lot of Johncom’s community newspaper title gains in the Eastern Cape have been acquisitions and not start ups. There is already a relationship between these newspapers and their communities. A case example of how hard it is to break into an established market was seen first hand by Anthony Katz. After starting Our Times, he came under a lot of pressure from both
Johncom (as TML) and Media24 (as Naspers) as they tried to break into the Kouga area’s market. They were both however unsuccessful in breaking down *Our Times’* dominance and community support. (Katz 2005b).

There is always a lot of panic within a community when a local newspaper is taken over by a major publisher, as was experience in the Kouga region when Johncom eventually acquired *Our Times* from Anthony Katz. A successful society cannot succeed without the small man and the small business, but at the same time what a big publisher can do for a small newspaper and its entire community cannot be ignored. It usually results in the expanding of the business, which it turn creates more jobs within the community. It also tends to push to develop more revenue from the business, which leads to more revenue being created within the community as well. At the end of the day what remains important is that community life and standards are maintained, no matter who is in control of their tool of information.

### 2.2 Community Newspapers:

The main function of a community newspaper in relation to the notion of community is to offer “good newspapers [that] can serve as a valuable community forum when they make an effort to be involved in the communities and with the people they serve. Newspapers alone can’t conquer racism, rebalance wealth, or keep people and businesses from moving out of city neighborhoods to the suburbs. But [they] can play a large role in resisting these and other forces at a local level” (Jongsma Knauss 2004). The media is the only institution that can create a common culture to facilitate this resistance, and because of the fact that broadcast media is so nationalised and daily newspapers only cover larger markets, community newspapers are the key to reaching out to the entire country. Community newspapers in a sense are facilitating the return of people into community life. They allow “[i]ndividuals [to] make their own selection of materials through which to cultivate personal images, tastes, views, and preferences” (Gerbner 1977: 204).

“[C]ommunity journalism…[is] not a new idea; it’s just one whose time has come again” (Lauterer 2000: 228). This is due to the re-entering of people back into local
community orientated living. With regards to all community newspapers, “the emphasis of the paper is local first” (2000: xix). If it does not effect a local community it won’t be in the newspaper, and local content will always come before any other form of news. You have the dailies to carry other events, so why would you want to overlap content.

Community newspapers serve three main sections of local societies. Firstly the readers with, as mentioned just before, only local credible news content, including local political happenings of importance to that specific community. Secondly the advertisers who need to get their message out to the local community at an affordable cost. And finally local and regional authorities who have a means of communicating on a regular basis with the communities they serve. (Katz 2005a: 1). This specific relationship is one of great tension as community newspapers and local authorities butt heads all the time.

2.2.1. Community Newspapers and Local Authorities:

Although the South Africa press developed out of commercial ventures, there was still a need to provide a watchdog service of the government. “In spite of official hostility to and apprehension at the prospect of a watchdog newspaper, the first issue of the [South African Commercial Advertiser] appeared on January 7, 1824” (Anonymous 5). This is an important action which community newspapers in particular are carrying on in the present age. “Local governmental stories are stories that matter to your reader” (Lauterer 2000: 49). This is because local government forms such an integral part of the community, as they are the ones who have too look out for the community on a provincial and national level. “If the area community newspapers aren’t providing vital watchdog services, it’s very likely no one will” (2000: 50).

This often leads to problems, because when community newspapers do inform the community of shortcomings of local government, local government often threatens the newspapers by declaring they will pull their advertising. At one stage, in about 1989, Our Times exposed a host of shenanigans going on in the Jeffreys Bay treasury, so much so that an independent investigation was called for by the then Cape Provincial Administration and found all their allegations to be true. The then Jeffreys Bay Town Council preceded to pass a resolution whereby they pulled all their advertising out of Our Times and rather placed it in The Herald and in Die Burger.
This situation prevailed for six months during which time *Our Times* would publish a list of their notices that had been in the other newspapers (with no details) every week and specified how much more of the ratepayers’ money it had cost them. They also advised ratepayers to approach the Town Clerk or Mayor or their Ward Councillor and ask for detailed information that had appeared in the Port Elizabeth press. Eventually, the Council rescinded their decision and the advertising came back to *Our Times*. (Katz 2005b).

Local government agencies provide a major advertising income for community newspapers, which suffer profit losses when they are boycotted. Despite the fact that under the new constitution they are bound to advertise in these publications, Johncom currently have threats of, partial or actual boycotts from three municipalities. The Kouga Municipality (yet again) with *Our Times* are threatening to pull out. Mhlambe Municipality in *Talk of the Town* are boycotting Johncom partially. While Mthatha Municipality are boycotting Johncom altogether. (Katz 2005b). In commissioned research conducted for Johncom, it was determined that under the new constitution, it is illegal for local municipalities to boycott local community newspapers completely, unless there is another viable form of community media (i.e. radio). Section 18 of the Local Government: Municipal Systems Act, 32 of 2000 “provides that a Municipality must communicate to its community information concerning community participation, rights and duties of members of the local community, Municipal governance and management, etc” (Beyleveld 2005: 4). Section 21 of the Act is really the core section in relation to this cause. The relevant portion provides as follows:

“21. Communications to local community—

(1) When anything must be notified by a municipality through the media to a local community in terms of this act or any other applicable legislation, it must be done—

(a) in the local newspaper or newspapers or its area;

(b) in a newspaper or newspapers circulating in its area and determined by the council as newspaper of record;

or

(c) by means of radio broadcasts covering the area of the municipality.”

(Beyleveld 2005: 4-5)
There are definite ways of being able to boycott a local newspaper, but most of them would be just too expensive (radio). So at some point the council will have to resume their advertising with the specific newspapers. This will be important in maintaining a balanced and sustained community life, because both the local government and the local newspaper are essential parts of the community.

2.2.2. Community Newspapers as Part of the Community:

Community newspapers have become an integral part of the community because of their ability to make their community seem unique. “At their best, community newspapers satisfy a basic human craving that most of the big dailies can’t touch, no matter how large their budgets—and that is the affirmation of the sense of community, a positive and intimate reflection of the sense of place, a stroke for our use-ness, our extended family-ness and our profound and interlocking connectedness” (Lauterer 2000: 14). When addressing the issue of what role a community newspaper plays as part of a community, it is important to note the first law of community journalism, “that there exists a fundamental and reciprocal relationship between the paper and its town” (2000: 229). There is this notion that “if you tell people who their neighbors are, and what’s happening nearby, they will be empowered and better able to participate in public life and the democratic process” (Jongsma Knauss 2004). This is the essence of a community newspaper as it helps to build and grow its local community. It also empowers people to participate even more, and this participation is the key to a latter stage reformation. As has continuously been established in this study, this makes community newspapers impeccably placed to bring about a change to capitalist society through their connectiveness to the masses.

2.2.3. Community Newspapers Stakeholders:

Firstly it is important to note that like other sections of the community are key stakeholders in the local newspaper, “[t]he finest community newspapers know they are key stakeholders in the forces that help build and grow their communities” (Jongsma Knauss 2004). The first important stakeholders are the shareholders. They play a significant role because they own and control the newspaper. In most cases this means that they are bringing an outside influence into the community. This does not
however mean that it affects the community in anyway, as stated earlier in the study it can actually be beneficial to the community, as they are able to employ more staff and generate more income for the community. This does however bring about a change to the community as it was known before. Brian Precious in reviewing Laclau and Mouffe’s, *Hegemony and Socialist Strategy*, sees this situation as an antagonism. This is because when a new signifier comes along, it will disrupt the meaning of all the local signifiers, by becoming a sign (because to acquire meaning it will have to establish relations with the other signifiers). A new configuration is now produced (the old one dissolved), and the new signifier is now a sign in a new discourse. The big problem people have with changes to their community is that it breaks up the consistency and steadiness of their community life. However changes are inevitable and more often than not the new signifier is forgotten soon enough as community life regains its stability and consistent structure.

The next stakeholder is that of the position held by the local and regional authorities. As determined earlier in the chapter they play a significant role and their involvement is not always on the happiest of grounds. Another stakeholder and a key one to boot are the public at large (or the readers). (Katz 2005a: 2). They play a vital role as they are the cog that keeps the newspaper going. Without a market to target there would be no need for a newspaper to exist in the first place. They are the platform on which the next stakeholder operates, the commercial sector (or advertisers). (Katz 2005a: 2). Advertisers play a just as important role, as without their financial backing the newspaper would not be able to continue running. They also have a just as important say in newspaper matters as the readers do.

Society is in a precarious situation, because yes community newspapers are well poised to bring about change, but at the same time they are so tightly intertwined within a capitalist society that it would make it difficult for them to break free and be able to develop a struggle. Readers and editorial content for the betterment of the community should be the main concern of community newspapers. While they do place an emphasis on this, and they are not shy to retain their integrity when faced with the situation of loosing out on profit, these forces are not in control. Newspapers are just as consumable as any other product. It was determined in chapter one that a newspaper is first and foremost a business. This means that the proprietors (shareholders) as well as advertisers are in effective control of community newspapers. Before change can develop, this will need to shift back to the readers and
editorial content, but because of the success developing out of the current structures; this could be a momentous task.

The final stakeholders are the staff of the publication. (Katz 2005a: 2). Publishing is a labour intensive industry that creates numerous jobs. The staff are extremely important because they are the ones in the position to maintain and produce the publication. They are also the ones who are in the middle and become the important link between all the other stakeholders. They are also in a position to help maintain community life, because they control the everyday running of the publication. This means that they are well placed to be the instigators of a reformation. The only problem being that they essentially work for all the other stakeholders, which means they are constantly watched and monitored.

2.2.4. Types of Community Newspapers:

The study has already developed community newspapers and their relation to the community, but what is it that classifies newspapers as community titles and why are they seeing such an extraordinary growth.

Firstly “[c]ommunity newspapers are different from standard daily newspapers because they tend to be more invested and involved in their communities” (Jongsma Knauss 2004). Its editorial content is of a localised nature—it covers local politics in greater depth than a regional daily, for example, but does not cover provincial, national or international politics. The same is seen with sports, culture, etc. (Katz 2005a: 1). Their readers look to their local newspaper for local news.

One could define a community newspaper as a publication that serves a limited community of readers—generally defined as a geographical location such as a town (Grahamstown This Week), or a group of towns (Our Times), or a section of a city (Algoa Sun, Ilizwi). But it can also be a community of common interest: farmers, doctors, sellers of tourism products, etc (Agri Review). (2005a: 1). This notion of community of interest newspapers is a relatively young one, and it is only in recent years that people have started to recognise it as part of the community newspaper fraternity. In Canada a couple of years ago, they had to review membership criteria of their community titles to include community of interest. “The new bylaws allow non-traditional papers into OCNA as full members, including ethnic papers and papers that cover communities of interest” (Moore 2002).
With regards to publishing, community newspapers tend to publish either weekly, bi-weekly or in some cases monthly, some even publish twice a week. (Katz 2005a: 1). Your average well established title such as *Our Times* will publish weekly on a Thursday, well placed in the middle of the week. Another important aspect when looking at the structure of community newspapers is that there are two types, frees and paid-for publications. In the case of free publications, the advertisers pay all the costs, including that of door-to-door distribution. Community newspapers are usual free when they are trying to establish themselves within a market (*Our Times* initially didn’t cost a cent), or when they are distributed door-to-door (*Algoa Sun*). In the case of a paid-for community newspaper, distribution costs are much less as they are delivered to say, 50 sales-points, and not every house. There is also less wastage as those who pay for the newspaper really wanted to read it. In general with a sold newspaper, circulation revenue will be anything from ten to 30 percent of the total revenue, the balance coming from advertising. (2005a: 2).

Advertising revenue is vital to the existence of community newspaper titles and in fact to all forms of print. It is important to know and understand the various types of community newspaper advertisers. Firstly the general public who are usually found advertising in the classified section. Next you have local, provincial and national government and para-statals who are, as aforementioned, legally bound to place notices regarding all sorts of things such as rezoning, tariff increases, budgets, etc. to the public. Legal notices such as death notices, liquidations, insolvencies and auctions also have to be advertised by the lawyers involved. (2005a: 3).

It is also important from a community point of view to understand that local businesses tend to form the mainstay of the advertising revenue of community newspapers. A NAB study shows that “70% of [their] revenue comes from local businesses” (NAB 2005: 11). It would be interesting to see what Johncom’s figures are, but it is believed that they would be even higher, because unlike CTP/Caxton who operate mainly out of Gauteng, Johncom have small town Eastern Cape titles. These titles survive because of their local advertising support. Statistics show how community orientated and supported local titles are, and also show us how the resistance to outside capitalist institutions is being curtailed by local involvement. People are trying to retain the us-ness and protect their community from an outside invasion of big commercial companies. The big problem is this tide is becoming difficult to stem as more and more franchises enter small towns, and once there, are
they not classified as part of the local community. What does breathe some optimism into the situation is that most of these are locally owned and beneficial from the point that they provide employment to the community.

The next type of advertising that is seen is that of national advertisements being placed within community titles. This is usually placed through advertising agencies working for the big retail organisations, who are utilising their ability to reach the masses through various different community publications. Finally there are OPI’s (outside printed inserts) which are printed in the newspaper at a cost-per-thousand. These inserts are usually placed by the major retail chains to try to attract people to their more affordable products. (Katz 2005a: 3). It is an ambiguous situation yet again, because one wants to support their local community shop, but at the same time it is just not a viable financial option when there is a large store that can offer you big savings. At the end of the day, no community newspaper can survive without its advertisers because its readers make up a very small, if any, contribution to its profits.

2.2.5. Community Newspaper Growth:

Community Newspapers in South Africa have seen a remarkable growth over the past couple of years. So much so that they are now seen as market leaders. “NAB has forecast a glowing future for the newspaper industry over the next three years, with newspaper advertising still in a very strong position, while readership growth is driven by lower LSMs” (Anonymous 4). Community newspapers are the most promising of all due to their localness, and their readership is being fuelled by the lower LSMs thirst for knowledge. “According to AdEx, community newspapers have enjoyed the highest increase in ad spend across all media types this past year [(2004)]. A hefty R605 million was spent on advertising in community newspapers, which translates into a massive 51% increase” (Anonymous 7). Over the past five years (2000-2004), the figure stands at a massive 112%.

They have also become an extremely viable option for advertisers, because of their ability to reach more people (and specific markets) at an affordable cost. In an August 2004 report, Media Inflation Watch (MIW) “illustrates that for the R100 adspend in 1995, advertisers would spend R291 (all media) in 2004 for the same audience delivery. Consumer Price Index (CPI) for the 10-year period was only R183.
In effect, a margin of over R100 has been built in. Radio media inflation in particular, stands out as a culprit for advertisers. For the R100 spent in 1995, advertisers were paying R517 in 2004. Only community newspapers have remained in line with CPI, with R100 spent in 1995 costing R189 (CPI R183) in 2004” (Anonymous 8).

There are many different theories as to why community newspapers are the fastest growing segment of print media in the country. Unfortunately all one can do is speculate as to why this is happening. There is still a sense that it is due to this notion of re-establishing community unity, but there are other factors involved as well. For one, technological advances have removed the cost barrier to entry, so much so that today many independent publishers are opening up community newspapers. At the same time these benefits are being realised by the existing publishing houses as well, suddenly it is viable to bring out more titles for smaller audiences. (Katz 2005a: 3).

As new areas of the country become affluent, new markets are being created, and due to cost saving, the big corporate publishers are able to compete. Savings are being brought about by new technological developments. Digital production of advertising, editorial, sub-editing and editorial page layout is saving time and money, as has the digitisation of news and advertising photographs. Digitisation has resulted in less skill work required, far fewer people and a much better quality product. Faster, better-quality presses that can run with only three staffers, and have little wastage and make-ready costs factors involved, have all helped streamline the industry thanks to technology. (2005a: 4). Without these factors community newspapers would not be in the position that they are in today. All types of print media readership statistics are on the way up, but community newspapers are leading the upsurge.

Asia is the fastest growing globally, with Africa hot on their heels. Stable and sophisticated markets like the United States and the European Union are also growing, but no as fast as the developing world. Within South Africa the Daily Sun is leading the newspaper growth with which has come hundreds of thousands of new newspaper readers. (2005a: 4). As established earlier, these people are hungry for information, in particular local information in their local newspapers, more so than from the dailies. These people have more houses, more electricity and more disposable income, which means that you have a whole new market for growth to develop into. As already determined this growth is happening at an express rate, and community newspapers are tapping into this phenomenon, which is being fuelled by
the rise of the lower LSM groups (remembering that LSMs refer to their standard of living and not their overall income).

2.2.6. Community Newspaper Reach:

The reach that has been generated due to the enormous growth of the newspaper market is part of what is making advertisers mouths water at the prospect of getting involved. The most affordable way to reach geographical communities is to advertise in community newspapers. Due to the market expansion and the amount of titles now available, this has become an even more enticing prospect for advertisers. If an advertiser wanted to speak to Grahamstown, for example, they could advertise in *The Herald* or *Daily Dispatch* or on Algoa FM or Mholobo Whanene (regional media) with huge wastage or they could use the local *Grahamstown This Week* publication and reach their intended market directly at a much lower cost. (Katz 2005a: 1).

NAB, in a 2005 study have compiled research that shows advertisers how their reach is being felt in the community newspaper market. This research is mirrored by what is happening in the Eastern Cape where a similar process is taking place. The NAB study takes place in Gauteng and shows how people tend to shop closer to home than they did ten years ago. Results of a test conducted over three months in 2004 show that 54% of Rosebank residents visited the Rosebank Mall, opposed to 28% over the same period in 2000. It also showed that only 19% of Sandton residents visited the Mall, opposed to 38% in 2000. (NAB 2005: 5). This gives advertisers a clear indication of who to target in what publication, this is because it shows that people are generally shopping within their own respective communities.

Advertisers are now highly effective in being able to reach specific markets within specific areas of Gauteng. Statistics show that, especially in relation to food and grocery shopping, community titles have the greatest reach. Out of a maximum number of 52 793 food and grocery shoppers in Bedfordview/Edenvale over a period of one month last year, 72% of them read the local community newspaper on a weekly basis. While only 16% read *The Star* and 35% the *Sunday Times*. The same occurrence appears in Boksburg where 91% read the *Boksburg Advertiser* and only 17 and 16% read the *Rapport* and *Sunday Times* respectively. (NAB 2005: 4). Naturally this is where advertisers will want to place their advertisements, in community titles. This is coupled by the fact that these specific areas have grown in population. In the
space of 20 years, the *Boksburg Advertiser* has grown its distribution by a massive 80%, while the percentage of the population that read the newspaper has also risen from 78 to 91%. (2005: 4).

Another determining factor for advertisers is that of the thin factor and its effect on dailies. While community titles readership and population reach numbers are growing and spreading, *The Star*'s are dwindling. It use to be, say in a catchment area of +- 50 000, the thin factor was 72% (i.e. you had 36 000 available customers). This meant that if your advertisements in *The Star* got to 61%, you got to 21 960 customers and you could stay in business. Today the same catchment area has shrunk to +-30 000 and if the thin factor is still 72% you only have 21 600 available customers. And if, as indications are showing, your advertisement only gets to 15% (or 3240 customers) you’re business is in trouble. (2005: 6). These losses for the dailies in advertising expenditure have not disappeared, but become a part of the community newspaper expansion.

2.2.7. Continuing Success:

Community newspapers are in a perfectly poised position to deliver the goods, and that is precisely what they are attempting to do. They have experienced such a phenomenal growth because of their current viability, and this is a factor that should not change too much in the next few years. The fact that you can publish a community newspaper in the community, with the community and for the community is why there will always be community newspapers. (Katz 2005a: 5). Just by the indication that community newspapers in South Africa have only started to grow, it can be presumed that they may not always be the market leaders but they will always exist. This premature growth is sure not to end until the major publishers have managed to cover every viable inch of South Africa with titles.

There is still however a feeling that community newspapers are not doing enough at this point to aid in the development of democracy into a free and fair system, but the important fact is that they are there, and that they are developing. This development is producing a position to aid reformation in the future, because of the platform of information that is being created today. “[C]ommunity media [is] probably viewed as a complex form of resistance and accommodation to transnational media flows” (Howley 2005: 33). Newspapers are key to the survival and
maintenance of society and community newspapers are developing into the most vital organ of their domain, as they are crucially placing the emphasis back into community.

New technologies have had a massive technical impact on community newspapers (and newspapers in general) and their future. If a successful transformation of society is to be achieved, it is important that the information and role of newspapers continues to remain a part of human consciousness.
Chapter 3: Johnnic Communications

Johnnic Communications Media Investment Limited (JMI or as it is known in the industry, Johncom) is a massive media stable that continues to expand year after year. Their expansion of interest has been in the realm of community newspaper titles. This is however only one division of the company, and to better understand the way it works, one needs to take a closer look at how the entire company’s structures operate.

The following chapter is going to address the notion of Johnnic Communications, so that in the final chapter of this study there will be a clear understanding of how both community newspapers and Johncom operate. This will generate a better understanding of the relationship between the two as Johncom begin to establish themselves as one of the biggest community newspaper players in the country. The chapter will begin by developing who Johncom are, and importantly their relationship to Johnnic Holdings Limited. It will go on to develop the company’s structures as well as realising its role within the South African media market. Finally it will give an insight into the establishing of their latest division, Johncom Community Newspapers.

3.1 Who are Johnnic Communications:

First of all it is important to note the connection between Johncom and Johnnic Holdings Limited. In the past Johnnic as the parent company have been the majority shareholders in Johncom, but as of 24 March 2005 they unbundled their 62,5% shareholding in Johncom and distributed the R2, 6 billion worth of shares to the shareholders. (Johnnic 2005: 12). What this basically means is that Johnnic as a company have got rid of all their Johncom stocks, but by distributing them to their shareholders, they have effectively been able to retain a presence within Johncom. This was an extremely well thought out initiative, because even though they unbundled their stock, this allowed Johnnic shareholders to now hold shares directly
in Johncom. This means that Johnnic are able to focus on their new ventures as a company, while in a sense retaining a majority say in the running of Johncom, because as shown their major shareholders have taken over the shares.

These new ventures are the reason behind the unbundling of the Johncom shares, which follows hot on the heels of the previous years (October/November 2004) realised R1, 3 billion worth of disposed MTN shares. (2005: 16). MTN as the second most profitable cellular phone network in South Africa was making Johnnic millions, however at some point they realised that there was a bigger and better market out there, and decided to switch their focus. Johnnic as one of South Africa’s largest multi-corporations must have, as a capitalist institution, seen an opportunity to make more money to take such a bold step as they have, by unbundling both their MTN and Johncom shares over the past few years. Johnnic’s headline earnings and share price have dropped since their disposal of the highly profitable MTN shares. (2005: 16). This has however allowed them to have more available cash to develop their strategic repositioning into the hotels and gaming industry. This is their new domain, and where they perceive the future market of capitalist wealth to continue developing from.

This future company direction was shown recently by the announcement of a 50% acquisition of Fabcos Investment Holding Company Limited (FIH). FIH own a 38% stake in Tsogo Investment Holding Company (Proprietary) Limited (TIH) which in turn owns a majority and controlling 51% stake in the Tsogo Sun Group. (2005: 16). This strategically places them well within their desired market. The results of this investment however will only be seen in the March 2006 Annual Report, when it will also be known what new ventures the unbundling of Johncom shares has allowed them to acquire. Whatever it is, the intentions are clear, Johnnic at this stage are wholly committed to becoming a pure hotel and gaming player. Their new group profile states that they are an investment holding company with interests in hotels and gaming, exhibitions and property. Currently they own 100% stakes in both Johnnic properties and Gauteng exhibition centre Gallagher Estate (which currently has a five year contract to host the Pan-African parliament). They have a 28,6% share in Suncoast Casino and Entertainment World, and a small 4,85% share of the Tsogo Sun Group (this may be small, but the group includes; Montecasino, Suncoast, Hemingways, Emnotweni and The Ridge casinos, as well as 82 hotels within the Southern Sun Hotels Group). (Johnnic 2005: 16). Only time will tell if their
repositioning will pay off, and the next annual report will present the indications. In
the March 2005 Annual Report gaming and properties accounted for only 2,66% of
Johnnic’s total revenue, while media and entertainment accounted for the rest. (2005:
21). For the studies intended purposes it is important to now realise that Johnnic and
Johncom have no further company ties. Also that any further reference to Johncom
does not include Johnnic in anyway.

3. 1. 1 Johnnic History:

To properly understand a company it is important to have a knowledge of their history
to better understand where they came from. It is all the more consequential in South
Africa because of how post-Apartheid changes have affected the structures of
companies. Despite the lack of a relationship between Johnnic and Johncom today,
yet however develop along the same path.

According to the Johnnic website, “Johnnic Communications Limited
(Johncom) was incorporated on 11 June 1889 as The Argus Printing and Publishing
Company Limited. The name was changed to Argus Holding Limited on 17 August
1988 and to Omni Media Corporation Limited on 26 September 1994” (Anonymous
9). This does not paint a clear picture because of the well documented fact that “the
Argus Group [became] Independent Newspaper Holdings” (Anonymous 1), who are
one of Johncom’s main opposition. It is perceived that the connection must be Anglo
American as they were the major shareholder in both former companies before selling
off the respective stocks. It is presumed that they sold off sections of their investments
to different companies. Whatever exactly took place, “Johnnic Communications [who
are] owned by a coalition of black business groups and trade unions, the National
Empowerment Consortium…bought TML from Anglo American's Omni Media
Corporation in 1996” (Anonymous 2). TML was just one of the divisions of Omni
Media, and it was effectively the forerunner for what is known today as Johncom.

Times Media Limited (TML), can trace their history back to the establishment
of the South African Associated Newspaper (SAAN) group who in 1955 acquired
Johncom’s greatest title, The Sunday Times. SAAN became known as TML at about
the same time as Independent Newspaper Holdings emerged in the early 1990s.
(Anonymous 1). A few years after the acquisition of TML, Johnnic decided to rename
this division of the company to bring it inline with the rest of the divisions. “On 10
May 2000, shareholders approved a further name change from [Times Media Limited] to Johnnic Communications Limited (Johncom) to reflect the restructuring of the group, according to which Johncom would become the operational entity of Johnnic Holdings Limited (Johnnic - formerly known as Johnnies Industrial Corporation Limited)” (Anonymous 9). Most recently on the 24 March 2005, Johncom became a wholly independent company as Johnnic unbundled all of their shares.

Johnnic Communications is now independently recognised and listed on the Johannesburg Securities Exchange (JSE). In the past they fell under their former parent company Johnnic and had no personal listing on the JSE, however the unbundling of their stock has allowed them to trade independently. They have now aligned themselves to become the leading African media and entertainment group, and are one of South Africa’s top Black Economic Empowerment (BEE) companies. (Swart 2005b). BEE being a process within South Africa where the unevenness of the Apartheid years is being balanced out by the redistribution of wealth on a so-called shared and even basis.

Headquarter in Rosebank, Johannesburg, they have developed products and brands with a national and continental presence. They currently operate over six media and entertainment business areas and have significant shareholdings in M-Net/SuperSport and CTP/Caxton. (Swart 2005b). More information on these will be shown in the company structure.

The group vision of Johncom is to be an integrated Entertainment and Media Group that is globally competitive and dominant on the African continent. (Swart 2005b). Current indications show that they are well on their way to realising this objective.

### 3.2 Company Structures:

Johncom have spent the past couple of years working on perfecting the structures within their organisation. They have now reached an optimal position where their structures are well in place. Currently they have six business areas or units, each with their own Chief Executive Officer (CEO) but all falling under one Group CEO (see
Appendix 1 for a complete company structure). The current Group CEO, and he has been since 2002/2003, is Connie AG Molusi. (Swart 2005b). Molusi along with some of the other board members feature on Johnnic’s board of directors as well. Under Molusi’s guidance Johncom’s sole business investments are split into these six units.

The first and most important business unit in relation to this study is that of Media. Media deals with all newspapers, magazines and digital applications. It is the largest contributor to group revenue, and looking back at the last few annual reports it has done so for the past four years. The unit’s CEO is Mike Robertson, so all community newspaper involvement falls under him, the structures of which will only be realised in chapter four. (Swart 2005b). Anything that happens in the Eastern Cape is controlled and monitored by the heads of this division in Johannesburg. Nothing takes place before it is cleared and approved by them beforehand.

The other units are as follows: Music, which involves all the Gallo brands. Retail, which includes Exclusive Books and Nu Metro Theatres. Home Entertainment, which includes DVD’s, Video’s and Games. Books and Maps, which deals with all book and map publishing. And finally Africa, this unit represents the group as a whole in Africa. Johncom also has a 50% holding (together with the Pearson Group out of Britain) of BDFM which publish the Business Day and Financial Mail and also hold the African Business Channel, a television and radio operation which broadcasts Summit TV and The Home Channel. Along side these core units Johncom offer distribution, manufacturing and support services. (Swart 2005b). This was however the only division of the company that’s profit margin decreased over the past financial year.

Apart from the business units, Johncom have an involvement with associated company CTP/Caxton, of which they hold a 35.7% stake. (Swart 2005b). Effectively this means that they pretty much own just over a third of the company. This involvement is highly beneficial for Johncom, as they are able to utilise to their advantage CTP/Caxton’s role as a major publisher of urban free-sheet newspapers and as the countries leading commercial printer. Another important relationship is through NAB as a wholly owned division of CTP/Caxton. NAB are a “[b]rokerage for national advertising sales that represent Caxton community newspapers, The Witness Group (including Ilanga and Umafrika), as well as Johnnic Publishing (Johncom) in the Eastern Cape” (Anonymous 10). This allows both them and Johncom to gain
advertising reach in areas in which they do not have any titles, by using each others
titles to carry national advertising campaigns.

Johncom’s final and singularly most revenue rewarding section of the business
is their 38.6% stake in M-Net/Supersport. Their pay television business
proportionately consolidated for the first time this past financial year allowing it to
make a solid contribution to the overall results. This was due to the further 12.53%
interest Johncom had acquired in April 2004, which makes M-Net/Supersport a
jointly controlled entity. (Swart 2005b). This was the first time that Johncom were
able to realise a substantial revenue from the company within their annual report. This
renewed venture has importantly allowed Johncom to place themselves well within
the highly profitable television market.

3. 2. 1 Johncom’s 2005 Results:
Looking at Johncom’s audited results of the annual report for the year ended 31
March 2005, there is a momentous rise seen in company revenue up by 52% from
2004. Most of this can be attributed to the pay television revenue which for the first
time, due to it now being jointly owned, was able to be measured and ascertained.
Total revenue sat at R4 113 million up from R2 698 million at year end 31 March
2004. Pay television after not being registered in 2004 came in at R1 044 million in
2005; this accounted for most of the revenue increase, however all the business units
were up as well. Media as stipulated still brings in the most revenue, its figures sat at
R1 376 million up by 26%. Not only is its revenue the highest (Retail follows as R716
million) but it also has the highest percentage improvement of all the major units
(followed by Home Entertainment with 13%).

For the studies intended purposes, it is important to try realise whether or not
community newspapers could be making a difference in the hike of Media revenue
figures. Although still a minimal contributor to gross profit, they could have made a
difference. This is because the past two years, which have coincided with the
establishment of new community titles, has seen the highest percentage growth.
Following this years 26% growth, 2004 saw a 23% growth from the year before that.
Considering that the previous two years results came up by only 10% and 9%
respectively, there is an indication that community newspaper development could
have accounted for some of the 10% plus increased growth of the Media business unit over the past two financial years.

It is clear that Johncom, and to a certain extent thanks to their community titles, are starting to generate more revenue again and it is now clear how the company operates. What has not been determined however is what role they, as the company in focus, play in the South African media market.

3.3 Johncom’s role in the South African Media Market:

Johncom play a vital role within the South African media market and tend to perform various different functions. These include their role as a BEE company as well as their role in the developing of communities, but more interestingly in their ability to full the gaps in the market. This is mostly in regards to their Media business unit and is seen especially within their community newspaper expansion in the Eastern Cape. It is a cut throat publishing industry out there, and it can get messy when the big publishers do go head to head. However Johncom have the uncanny ability to find gaps in the market and they jump on them. This has allowed them to establish ventures that are starting to yield a tidy profit, in turn increasing revenue. This is not only a process that has happened in the past, but it is believed that it is something that will continue to happen in the present and the future.

As a human community, people find themselves in a position where the consumerist society in which they live in “is organised around a text producing institution” (Hultman n.d.). Johncom form a part of this institution and due to their elevated role within society, they are able to help support and sustain it. Also because “media [is] the major channel for elite groups” (Hultman n.d.) you have a situation where these groups play a major role in the running of the media. Yes, media is free and fair within the South African constitution, but it is only as free and fair as the people that control both it, and its institutions. Johncom has no official association to the African National Congress (ANC) in anyway (they are South Africa’s current ruling political party), however it is a large BEE company with many of its directors formerly involved in politics. It is very much (as are all publishers) a platform for elite
groups, because today elite groups tend to mean wealthy people, which generally means business people. These are the people running and controlling our media institutions due to their capitalist prowess and position. They use media (especially newspapers) as a central point of society to distribute their messages (advertise, create awareness for their products). The possibility of a change to this system is slight, because as long as capital is being generated and the politicians are financially looked after, they will not look to amend the current situation within society. As the politicians are in control, this means change is unlikely to develop any time soon.

3.3.1 Johncom’s Publishing Interests:

If one looks at Johncom as a major publisher it is interesting to ponder as to where their interests lie, in news and quality content or in only generating capital. While publishing is first and foremost a business, unlike Media24 with the Daily Sun, Johncom prefer to retain a quality content. So as it would appear, they seem to try maintain a balance between the two. However everything still needs to be profitable and they make sure of just that. One way of going about it, is that like all the other publishers, they have realised the power of the Black press, and have seen the capital that has been able to be generated. This became apparent when they acquired the Sowetan, as well as the development and acquisition of community titles in the Eastern Cape like, Ilizwi and Indabazethu. While their content may remain strong, Johncom is out there to make a profit and in doing so is supporting consumerist society.

Another important publishing notion deals with their close ties to government, does this not give them added power and influence, or is this only supplied by proprietors and advertisers money. While they are a BEE company and they do get government preference because of that, it does not seem that at this point in time they have a power connection to government. (Katz 2005b). This could mean that their power and influence over smaller companies and communities comes only from their financial power and large company support structures and not government. This power situation is what needs to be broken down, if a change in society is to develop. The playing field needs to be levelled for others to compete. Johncom are in a strategic position to help make a statement and to help spread wealth, but they are currently not nearly ready or have absolutely no intention to do so. They are also one
of the larger companies in the country, so in effect would be one of those who would be targeted and forced to spread out their businesses between the masses.

3.3.2 Johncom’s BEE Credentials:

Johncom are a proudly South African company that have positioned themselves perfectly within the new South African society. They are the largest BEE publisher in the country, and in this regard were rated 15th out of South Africa’s top 200 listed empowerment companies. They were also recognised as the top rated company in the media section in the FM. Empowerdex Top Empowerment Companies survey in April 2004. (Swart 2005b).

When looking at what classifies them as such an influential company in the BEE struggle to gain employment for those with disadvantaged pasts, it is necessary to look at their staffing numbers. As of year end March 2004, 82% of all Johncom staff were from previously disadvantaged communities (what this means, is any form of the population who was repressed and lacked freedom in South African society during apartheid). This figure also importantly included 62% of the 3600 permanent staff. (Katz 2005b). If the figures are broken down into two sections, one sees that these percentages mainly account for the operational staff. Of the operational staff 52% are African, followed by White female at 18%, Coloured at 16%, Asian at 9% and only 5% are White male. A sharp turn about can be seen when you look at the divisional directors, management and professional profile where 37% are White male and 32% White female, this is followed by African at 14%, Coloured at 10% and Asian at 7%. However when looking at the main board profile of Johncom it is easy to see who controls the company, and BEE is all about Black ownership, as is seen in the representation of the board. Of the eleven board members, eight are from previously disadvantaged areas. This breaks down to 46% African representation, 27% White male, 18% Asian and 9% Coloured. (Katz 2005b).

The sad reality of these figures convincingly indicates what is taking place within the new South Africa. Ownership and top board positions are changing hands with an elite group of previously disadvantaged people taking over. However the majority of previously disadvantaged people are still left in the same low level jobs that they occupied ten years ago. Power in South Africa may have changed from White to Black, but the majority of disadvantaged people are no better off than they
were. This is because it is just an elite group that is prospering (as is seen in any capitalist controlled democratic situation). Johncom are no exception to this rule as they fall into the same mould as every other capitalist controlled entity.

3.3 Johncom’s Strategic Positioning:

Johncom are perfectly positioned within South African society, which means that they can effectively very easily go from strength to strength. Not only do they have a keen eye for business and know when to take the gaps, but they are also politically correct in their structure. They are a company steeped in tradition and past success, and success in the past can be a clear indication of success in the future, and this is something that seems imminent. Over the past ten or so years they have transformed and constantly repositioned the company and it appears that they are on the right track now, to grow even more and create even more opportunities.

Their positioning within the community newspaper industry looks likely to be one of the most important, and it could have one of the biggest influences on the future of the company. To see to what degree this is happening and can continue to happen, it will be important to look at what has been done in the past two years to develop Johncom’s community titles.

3.4 Establishing Johncom Community Newspapers:

As it stands as the moment the Eastern Cape division of Johnnic Communications is split into three business units. The current CEO of Johncom’s Media business unit, Mike Robertson, brought about the original initiative for this structure to be put in place. He was able to see the community newspaper growth that was taking place world wide and more specifically within South Africa, and saw the necessity for Johncom to expand into the industry. (Katz 2005b). The Eastern Cape was the perfect location for them to accomplish this, as they already owned six titles and there was a great market for development.

At that point in time, the six titles were split evenly between the existing Eastern Cape business units, Johnnic Publishing Eastern Cape (Pty) Limited (JPEC)
and Dispatch Media (Pty) Limited (DM). These operated out of Port Elizabeth (PE) and East London (EL) respectively. Both formed separate units under head office in Johannesburg, and both were also originally independent before being acquired by Johncom (or the old TML). More recently head office have combined their operational heads to form more of a unification between the two. (Katz 2005b). While the general operational staff remains in PE and EL respectively, there is only one, for example, head of advertising or finance. Most recently because of the projected development that could be realised in the community newspaper market, Robertson wanted there to be a creation of a third business unit to cater solely for this market. (Katz 2005b).

Today within the Eastern Cape there is currently three separate business units all falling under Johncom’s Media business unit CEOed by Robertson. Both JPEC and DM have since been de-registered as individual companies and are now wholly owned divisions of Johncom. The newest division, Johnnic Communications Community Newspapers (JCN), are on the other hand a division of Picasso Headline (Pty) Limited. Picasso are a magazine division of Johncom that is based in Cape Town. (Katz 2005b). The reasons for JCN’s association to Picasso could be to keep it independent from the running of the other two divisions who share top management position staff, as well as for convenience. While they do often work together on an advertising basis, the management structures between JCN and the other two are separate.

The establishing of JCN was due to the forecast expansion of Johncom’s community titles in the Eastern Cape. Of course there was a need to “[research] the target communit[ies] before [they] commit[ed] to a move” (Lauterer 2000: 211). Once this was done, and the theory that these markets were available proven, the establishment of the new unit came into being.

In regards to the six titles that were already owned by the other two units, they remained under their ownership, but the publishing rights were taken over by JCN. In regards to all new titles that would be developed or acquired, they would be published by JCN, but they would be registered and wholly owned by Johncom itself. (Katz 2005b).
This chapter has been an introduction into the organisation that is Johnnic Communications. This understanding of the company was an essential part of the study, because it established Johncom, in order for the company’s position and structures to be fully understood. An understanding of the company as a major publisher will allow the reader to better comprehend what is happening within the company with regards to community newspapers. The following chapter will go about seeing how the company’s invested interests have developed into success.
Chapter 4: JCN and Community Newspapers in the Eastern Cape

Johncom are a media giant within the South African and ever expanding African markets. They can expect to see continued growth, and thanks to their rapidly expanding forages into the community newspaper market, the possibilities of expansion are endless. It is becoming apparent as to why community newspapers are such an enticing and unravelling market, and it is being shown that Johncom are currently developing titles in the Eastern Cape in a concerted manner. It still however seems that some element in its success is still missing, and to realise what this is, the title development in the Eastern Cape needs to be more closely looked at.

An understanding has been developed on what roles newspapers (and specifically community newspapers) as well as Johncom play within society, but how exactly has the development of these new community titles within the Eastern Cape taken place and how have they affected society. The final chapter of this study will set out to comprehensively explore the world of Johnnic Communications Community Newspapers (JCN). It will look at topics ranging from title development and success to speculations as to where community newspapers could be heading in the future. It will do so by both describing and interpreting JCN’s titles in the Eastern Cape.

4.1 Title Development and Success:

Gramsci said that “all political rule comprises a combination of the exercise of leadership over allies, and the domination of enemies” (Howarth 1998: 2). This does however not only apply to just political rule anymore but also power in general. This includes all forms of power, most notably in this day and age the power of capitalism and its drive towards global market domination. Johncom form a part of this capitalist society as they attempt to dominate their market.

Johncom currently have an ally in CTP/Caxton because of their 35,7% share in the company. There are strong indications that Johncom are beginning to exercise leadership over their ally. Reasons for this are; they have moved over most of their
printing to CTP/Caxton (publishing is seen as much more glamorous than printing), they are also more dominant in regards to weekly and daily newspapers, and they are encroaching on CTP/Caxton’s community newspaper dominance. Clear indications have been exposed that in the not too distant future, they could be entering into competitive community newspaper markets with their ally. This could be seen as a process of trying to flex their muscle and show CTP/Caxton just who the big brother really is. A similar kind of process can be seen in their relentless domination of the community newspaper market in the Eastern Cape. Here they are trying to flex their dominance over their so called enemies (Media24) by not allowing them to get a strong enough sniff of the market. This market domination is what is interesting, as is the way in which Johncom have been able to develop their titles at such a rapid pace and in doing so enabling them to remain at the top of the local Eastern Cape market.

4.1.1 JCN Titles:

When JCN was established, they already had six titles to work with. As stated earlier, these titles were evenly split between the two existing Johncom business units.

Initially, back in 2003, JPEC (Port Elizabeth) owned the following community titles:

- *Algoa Sun* – purchased from the original private publisher in the early 1980s by the then TML East Cape Division, a wholly-owned PE division of TML Limited in Johannesburg.
- *Our Times* – purchased from St Francis Advertiser as the original publisher in 1993 by the same TML East Cape Division.
- *Ilizwi* – started up by the company itself in 2002. The “division” had by now become a company, Johnnic Publishing Eastern Cape (Pty) Ltd. with a local 25% African shareholding, and then subsequently after TML became Johnnic the 25% shareholders were bought out and the business was by 2002 known as JPEC.

(Katz 2005b)

At the same time DM (East London) owned the following community titles:

- *The Rep* (Queenstown Representative) – is a 125-year-old community newspaper that was also privately owned and run in the 1970s by an elderly couple. When the technology of newspapers changed from hot metal presses to litho presses, the owners were not prepared to make the investment in the "new" technology. They
hence sold a share to Daily Dispatch (Pty) Ltd. (DD) and the conditions were that DD would produce the paper for them. When they were ready to retire in the 1980s, DD bought out their remaining shares.

- **GO! & Express** – back in the 1980s Media24 (or Nasionale Koerante Beperk (NKB) as it was then known) opened a free-sheet in East London called the *East London Express*. At that stage DD was privately owned and decided to launch their own free-sheet called GO! After getting wind of NKB’s plans, DD quickly planned and put out their GO! a week before the launch of the *East London Express*. After awhile NKB, now renamed NMB (“M” for Media) withdrew from the market as they were losing money. They sold their title for a pittance to the DD, now of course named DM (also for Media). This clever move allowed DM to name their product *GO! & Express* and specifically prohibited NMB from ever relaunching under their commonly used free-sheet name “Express”.

- **Indabazethu** – was a combination of two struggling titles, Indaba and Izethu. How exactly they came into the hands of the DM is uncertain.

(Katz 2005b)

From the foundation that already existed, apart from improving and growing its original titles, JCN set about its task of acquiring and developing new titles. JCN officially came into being on 1 April 2004 at the beginning of the 2005 financial year (albeit not under that name until 31 March 2005). In their first financial year as a media business unit of Johncom they were able to add three titles to their stable. The developments were as follows:

- JCN’s East London (EL) site added the *Wild Coast Herald*, a struggling (but the largest) Transkei newspaper. The Transkei being the largest of the former Apartheid homelands. It was a monthly but JCN had plans to take it to a weekly frequency. It did so by first taking it down to a bi-monthly and finally to a weekly.

- JCN’s Jeffreys Bay (JBay) site added the start-up *Agri Review Eastern Cape* as a monthly province-wide free title for farmers, agri-businesses and the private and public sector. The running of the newspaper was later transferred to the Port Elizabeth (PE) site and is run as a stand-alone publication. This publication is a typical example of the new thinking of developing a “community of interest” title rather than one that serves a geographic area.
JCN’s PE site also managed to acquire the highly successful Port Alfred A4 called *Talk of the Town* and relaunched it as a tabloid (it use to be in an A4 booklet format). The new format has allowed the paper to flourish.

(Katz 2005b)

At the beginning of the current financial year, as of 1 April 2005, JCN started running its own books as a stand-alone company, as a wholly owned division of Picasso Headline in Cape Town for convenience. Currently in the 2006 financial year, they have acquired one major community newspaper and two sporting newspaper/magazine type publications (basically in tabloid format, so in effect it could be added to any community newspaper title as most are produced as tabloids).

Also just before the year is out at the end of March, they are expecting to launch a new title in the Western Cape (the business units first official title outside of the Eastern Cape). The current year’s developments are as follows:

- JCN acquired a struggling Grahamstown start-up, *The Shoppa* and put it under the control of the Port Alfred site. They also relaunched it as *Grahamstown This Week*.
- JCN took over a failing monthly title called *Backswing Golf* which had already developed into a successful monthly part of the bouquet of products on offer.
- JCN also launched a bowls magazine called *Good Bowling* in November 2005 which is mooted to be a quarterly publication.

(Katz 2005b)

As stated they are expecting one more launch before the end of the financial year, and who knows how many in the next few years to come. The future looks encouragingly bright, but why have these titles been so successful to date, and what are the telling signs that they are showing about the possibilities of future development.

### 4.2 JCN Community Newspaper Titles Overview:

JCN have now developed and grown all the above mentioned titles, but what has made these titles so successful and such viable business options. What has been the
secret ingredient to the success of their ventures and what is going to make them as well as new titles grow and develop in the future.

It all goes back to the notion of community and people wanting to regain that community style of living. As long as people are interested in community these types of newspapers will be able to thrive. This is because while people are trying to isolate themselves from global corporate culture by looking back into their communities, they are at the same time enabling the consumers to reach them easily, by being able to pinpoint who they specifically want to reach. By looking directly at Johncom’s Eastern Cape titles and seeing how each one operates, it could be possible to determine what is making this phenomenon develop.

For a map overview of all the Eastern Cape titles see Appendix 2.

4. 2. 1 Our Times:

Our Times is one of the most well established and profitable of all the community newspaper titles. Symbolically it is also the father of all the JCN community newspaper titles and the entire business unit. This is because it was where the ideas behind JCN’s development were honed and the community newspaper industry skills and experiences cultivated, through this JCN and its titles could effectively be developed.

Our Times is a bilingual (English/Afrikaans) regional weekly publication and is recognised as the official circulating newspaper for the seven towns of Jeffreys Bay, St Francis Bay, Humansdorp, Hankey, Patensie, Kareedouw, Joubertina and surrounding areas. However its official target market includes the entire Tsitsikamma Region, a 200km long Eastern Cape coastal strip between Port Elizabeth and Plettenberg Bay. The region is the wealthiest country district in SA (GGP=R7-billion) with the fastest-growing economy. It includes lucrative agricultural, forestry, commercial and tourism resources. LSM statistics show that 80% are LSM 7-10, while 15% LSM 5-6. (Swart 2005c).

4. 2. 2 Algoa Sun:

The Algoa Sun is a free community newspaper covering almost all of greater Port Elizabeth and Uitenhage. This is the most populous region in the Eastern Cape,
as well as the largest financial sector. This means that it has the ability to be highly profitable for publishers, and in this case it is. The *Algoa Sun* does however tend to target the more well off suburbs. The average household Income of its readers is R6 844 a month while 56% earn more than R4000. 82% find themselves in LSM 6-10. These statistics show a considerably higher income, working and LSM reader profile than that of its competitor the *PE Express* (Media24). (Swart 2005c).

4.2.3 *Ilizwi*:

JCN’s other Port Elizabeth community title *Ilizwi*, ‘The Voice’ of the People, is an English and Xhosa community tabloid that is published weekly. As the name “Ilizwi” implies, the public are able to express their views and voice their opinions freely.

69% of readers fall into LSMs 4-6. Although *Ilizwi* may cater for a lower end of the market than the *Algoa Sun*, it still caters for a niche market. *Ilizwi* is included as a supplement in *The Herald* every Wednesday, but 20 000 copies are also distributed freely to public transport commuters. (Swart 2005c). This shows that while its intended market is not your highest earners, they are generally working and are purchasing on a regular basis. This can be determined because to read it as a supplement you generally have to be reading *The Herald* on a regular basis, and also by the fact that it is distributed to public transport commuters who are usual traveling to or coming from work.

4.2.4 *Talk of the Town*:

*Talk of the Town* is a Port Alfred based publication. It is an English regional publication and is the premiere newspaper on offering for Port Alfred, Alexandria, Bushman’s River, Kenton-on-Sea, Kleinemond and Bathurst.

Port Alfred is home to the 43 Air School, the biggest flight academy in the Southern Hemisphere that does basic training for SAA and SAAF pilots as well as for many overseas institutions. They have over 150 flight trainers and hundreds of students. Tourism provides one of the other main pillar sectors of the local economy, but with many retirees in the area and a spate of small “cottage” industries, Port Alfred is abuzz 12 months of the year. *Talk of the Town* readers also tend to have a
considerably higher income and LSM profile than most of the country community titles. (Swart 2005c).

4.2.5 Grahamstown This Week:

JCN’s latest title is Grahamstown This Week, it caters for Grahamstown and the surrounding community districts. This product has the broadest target market of all JCN products, which ranges from academics and students to township-dwellers. (Swart 2005c).

Its range of market means that it is able to cater for all ends of the market, while still being able to carry a strong advertising content, because of its extensive reach of the lucrative top end of the market.

4.2.6 GO! & Express:

East London’s main community title is the GO! & Express. Much like the Algoa Sun in Port Elizabeth this product is able to cater for a similar kind of niche market. It caters for the more affluent suburbs in East London as well as the up market surrounding areas of Beacon Bay and Gonubie.

The average household income of a reader is R6918 a month, while 66% earn more than R4000. 81% fall under LSM 6-10. (Swart 2005c).

4.2.7 The Wild Coast Herald:

The Wild Coast Herald’s reach includes the majority of the coastal region of the former Transkei up to and including the eastern suburbs of East London. The public sector, as well as local and international donors are pumping billions of Rands into infrastructure and people-development in the area.

The Wild Coast Herald is a vehicle through which sponsors are able to reach emerging markets by means of educational columns and promotions. It has an extremely strong editorial focus on tourism, as the major source of income in the area. Its main focus groups are LSM 5-8, these are the groups which have emerging wealth in the region. (Swart 2005c).
4.2.8 *Indabazethu*:

*Indabazethu* is known as a tabloid supplement that is in Xhosa and English and aimed specifically at the Xhosa speaking population in the eastern sector of the Eastern Cape. This includes East London, the former Transkei and Ciskei, and the wealthy inland regions of the North East Cape.

The target market exists out of the Daily Dispatch readers who are proud to be Black. They tend to be in the LSM 3-7 group, and are aged between 25 and 49 and most are working. (Swart 2005c). This entire section of the South African population tends to be the fastest growing in the country.

4.2.9 *The Rep*:

*The Rep* is one of the oldest newspapers in the country. It is a tabloid newspaper that is distributed in Queenstown and surrounding areas.

Queenstown is the third biggest city in the Eastern Cape and the newspaper is firmly entrenched in the lucrative farming areas in and around the city. This allows for a massive community orientated section of the population that is financially stable to be targeted. (Swart 2005c).

4.2.10 *Agri Review East Cape*:

*Agri Review East Cape* is currently the only title to be developed from scratch under the JCN business unit (*Ilizwi* was a Johncom developed title, but this was formed two years before JCN came into being). It is a newspaper for the agricultural community throughout the supply-chain and *Agri Review East Cape* offers an outstanding Border-to-Border offering to a loyal and regular advertising base.

The newspaper reaches formal farmers and their family and staff by post, agribusinesses by post and via farmers’ co-operatives, the public sector by free delivery to all Department of Agriculture offices and emerging farmers via the Department of Agriculture’s extension officers. This means that it reaches the entire lucrative Eastern Cape farming fraternity. (Swart 2005c).
4. 3 JCN’s Eastern Cape Community Newspapers and Disposable Income:

The above section of the study was able to establish a common ground among all of the titles. What seems to be apparent in each and every title’s synopsis is that these are regions of a certain amount of wealth. In essence regions where there has been the availability of a financially successful market to operate out of.

By trying to determine the common denominator of the above results, it may well become apparent that the notion of community is supported in its role as a driving force behind community newspaper titles. An analysis of the titles could reveal this new notion, and these findings will be coupled by an interview conducted with a JCN official. The idea behind the interview is to have something to compare to the results of the above titles, in order to support their findings.

4. 3. 1 Disposable Income:

Taking a look at the above information about all of the ten current community titles run by JCN, it is easy to see what the common denominator may well be. Besides the notion of community and strong community involvement, which is especially seen by the small town and farmer related publications, there is one notion that is seen in each and every title. That notion is the availability of disposable income. Each and every single one in some way caters for a region that has a reasonably good disposable income.

Titles such as Our Times, the Algoa Sun, Talk of the Town, GO! & Express, The Rep and Agri Review East Cape, appeal to and target the regions of their community with the highest disposable income. These are flourishing regions, which means that large amounts of disposable income are being generated, and this is what advertisers what to see and are willing to invest spending capital to attract. These are the titles that appeal to the high disposable income groups, however all the titles do in some way reach groups with disposable income. Grahamstown This Week is a unique publication as it appeals to the entire Grahamstown region, which includes both high and low disposable income areas. The beauty of the low disposable income groups are that they are currently in a positive position where they are generally moving up the
LSM ladder. This means that more and more disposable income is becoming available each day, which makes this section of the population just as enticing to advertisers. Other titles in a similar position include *Indabazethu, The Wild Coast Herald* (which targets working residents) and *Iliwzi* (which is distributed to public transport commuters, these people are working which means they tend to have some sort of disposable income).

This notion creates a strong belief that while community is an important aspect in the development of titles, the main driving point behind the publishers getting involved in the regions that they have, is disposable income. This above anything else is likely to be one of the main reasons behind the growth of community newspapers and this could be the reason why they will continue to grow in the future.

**4.3.2 Interview:**

At the end of the day all that can be done is speculate as to what is causing this rampant growth, but as it would seem the common denominator always seems to be disposable income. The best way to support and test this notion, is by talking to someone involved with JCN, about the business. If the right questions are asked, a lot more about the business can be revealed.

This specific person needs to be extremely clued up about the business and needs to know comprehensive information about both its past and present. In the questionnaire many of the unanswered questions of the study are worked through and developed into questions to be addressed, this can be used by the reader to better understand, from an internal company position, what is happening with JCN and why it is that it is becoming such a successful business unit. The questions and answers can be viewed in the Appendix 3.

A basic synopsis of the outcome of the interview shows the same indications as seen above, that disposable income seems to be the underlying belly upon which community newspapers are thriving. What will be interesting to see is the effect disposable income will have on the future and if community newspapers will be able to maintain their current dominating position within the newspaper industry.
4.4 The Future of Community Newspapers:

Over the past two years Johncom have successfully entered the mainstream community newspaper market, and through their new business unit Johncom Community Newspapers, they are now well placed within the market and are in a position to take the market by storm.

It has already been determined in the study that there are three main reasons why this is likely to occur. The first, and as it would seem, the most important is the availability of disposable income. Its importance is one of the main aspects that can be taken out of the above chapter, as it has been understood to exist on numerous occasions. The other two are the notion of community and business, and finally Johncom’s ability to fill the gaps in the market. These three notions are perceived to be the key determining factors behind Johncom’s expanding within the community newspaper industry, and are what is expected to continue to make them such an important player and developer of the industries future growth.

4.4.1 Projected South African Development:

When looking towards the future, one can use current examples to see where the market could be heading. “South Africa [may have] only 4% of the land mass of Africa, [but they] still account for more than half of the cars, the phones, the autobanks, and the industrial facilities of the whole continent. It’s Gross National Product (GNP) is by far the biggest in Africa — more than Egypt, Nigeria and Kenya combined” (Bruss 2005: 10). This local market can be expected to continue to grow in the direction of new found disposable income in the future. One of the biggest areas where this is being seen is in townships, where inhabitants of these forms of settlements are finding more work and in turn developing more disposable income.

In Gauteng, for example, CTP/Caxton have jumped into the biggest township market of all, Soweto, head first. CTP/Caxton have in the past targeted the more affluent suburbs of the Johannesburg area, but are now focussing their attention on Soweto, because of the fact that it is the “newest upcoming hub of development in Gauteng” (Anonymous 3). This expansion is not just targeting Soweto, but is
specifically targeting the areas that have the most disposable income. “Diepkloof is an affluent area…[and] Pimville, [is] also a prosperous area” (Anonymous 11), both of these areas had mid-year newspaper launches following the successful launch of *Protea Urban News* in late April of this year. “Caxton plans to produce at least four Urban Newspapers by December 2005 and eight by the end of 2006” (Anonymous 3). This is similar to the kind of growth that has been experienced by Johncom in the Eastern Cape, and it could even provide a platform for greater expansion as Johncom look to address similar kinds of markets in the Eastern Cape.

There is a sense that Johncom could and will follow this kind of path in their future Eastern Cape expansion, but there is an inclination that the Eastern Cape is not their number one priority market of the future. There is still room for expansion locally and Johncom will continue to plug these gaps, but if one just begins to imagine the rest of the gaps around the county that are there for the taking, it is clear their future must entail more than merely the Eastern Cape market. Also global capitalist tendencies fuel constant growth, constantly trying to get so big that you have no opposition, so that it is possible to completely dominate the market and consume all the wealth that comes with it. It is an uncontrollable force of business that will not dissipate as long as money hungry greed continues. Johncom’s position within capitalist society means that they are condemned to follow along this path in order to survive in the industry.

4. 4. 2 Johncom’s Projected Future Development:

Looking at the local market, there are still areas of the Eastern Cape footprint that can be expanded, if one looks at major inland towns such as Cradock, Aliwal North and Graaff-Reinet, none of them have a major Johncom owned newspaper in their area yet. However what could be the next best option for expansion, is an area with a much greater disposable income. The border area of the Eastern and Western Cape and towns such as Plettenberg Bay, Wilderness, Sedgefield, Knysna and even all the way to George, these are wealthy areas with plenty of disposable income and lots of reach. Advertisers would have a field day, and being so close to their base, it would be relatively easy for JCN to incorporate and monitor titles from this region into their fold.
A new market that has already been predicted is that of the Cape Town area. It has already been confirmed that they will be launching a new title there before the end of the financial year. A new site has also already been established to form a new base for new titles in the area. This shows an indication that expansion in the area, in a big way, is imminent. It is already speculated that they will try to have launched three titles in this area by December 2006. If this kind of expansion is on the horizon, it does not seem that it will stop here, but manage to spread throughout the country in the years to come. The Johannesburg region has to be on the cards at some point, Johncom have their head office there, so infrastructure is not a problem. There are also plenty of disposable income area gaps to be filled. Durban could also be on the cards if Johncom can continue to discover areas with large disposable income and a thirst for local community unity. The other big publishers are going to have to watch out, because if Johncom can take their extremely successful Eastern Cape blueprint and apply it in other regions of the country, they are going to become the super community newspaper force to be reckoned with.

4.4.3 African Development:

The South African community newspaper market is alive and well and expansion is happening at an alarming rate, but eventually the gaps will all be filled and then what. The answer to that question will most likely be Africa. This has been speculated as the next big step for major South African companies, as they are driven by capitalist tendencies of expansion. It is thought that South Africa could be the next colonial power to consume Africa, and this may well be the case.

As soon as the South African market becomes saturated (as it already has in many cases) the next logical step for expansion is into Africa. South Africa is extremely well placed to achieve this, because not only are they a part of the continent, but this also means that they are perceived as a friend rather than a foe. This perception is the foot in the door and it is something major companies are going to jump on. South Africa are by quite some way the major financial power in Africa and this could be the determining factor in this so called soon to be colonial expansion of South African business into Africa.

Johncom as a media company are extremely well placed to follow in this expansion. Currently, out of all the media companies, they have the fastest growing
infrastructural footprint in African countries. (Katz 2005b). An African expansion of community newspapers could be a reality and it seems like it is only a matter of time before it takes place. The gaps are endless and there is a colossal notion of community throughout Africa as nations try to maintain their own identities and keep their citizens from seeking work elsewhere. Johncom as they do in South Africa, will presumably only target areas with disposable income, because it is after all a business venture. Areas like Nigeria and Kenya could be potential markets, as well as any other area that is generating wealth from exports or tourism, etc. Wherever it is, Africa remains an extremely viable future option.
Conclusion

The markets are there, the possibilities are endless and in time they will come. If one has any interest in media and newspapers in specific, then the expansion of community newspapers is an interesting phenomenon that is worth keeping an eye on. Newspapers are still in a position to do more for the betterment of society, and help in the transformation of democracy into a free and fair system, but will they aid in the struggle for this reformation. The problem is that as long as their main objective is finding areas with disposable income and not areas in need of building a strong community voice this transformation will remain a dream. Disposable income is a root of capitalism and the big publishers remain capitalist entities, so while there is money to be made, they have no need to aid in a transformation. Can they become more than just proprietors and actually help to develop communities on a symbolic and material level, it will have to just wait to be seen. What is known is that, “[h]owever mass media may evolve over the next two decades, advertisers will remain the key to their success” (Fidler 1997: 261). And advertisers, not proprietors, are the reason behind the need to find markets with high disposable incomes.

The one positive that can be ascertained from this capitalist expansion is that they are creating a footprint for a future transforming force to speak through, and this will be positioned right at the feet of the middle classes, the support that is needed to develop change. A point will come where people have had enough of being exploited and subordinated and they will force the introduction of a system of equality. Changes and transformation have always happened and they always will, the major problem is that power needs to and will always exist. This all means that even if humankind manage to transform our current society into a system of equality, as some point a new power base will develop and take control all over again.

There is however a need for this power base to constantly change and that is why it is important for a transformation to take place. It is better to have a new power base every few hundred years, than one dominating for eternity. Community Newspapers (as all forms of information have in the past) will provide a platform for this resistance and change.
Community Newspapers current development is only really in its infant state, which means that a vast amount of growth can be expected in the future. At the end of the day a community newspaper is a comprehensive attempt that caters for the majority of the community. It keeps all the different stakeholders happy, by providing a stable and constant environment for all of them, and at the end of the day that is seemingly what people want. This attempt is what makes them so useable, and if a community has a form of disposable income, the proprietors will continue to seek out new ventures which will in turn enable more communities to develop newspapers that help them maintain their community life.

Community newspapers are alive and well and will continue to thrive because “[o]ur ways of understanding the world will always be limited to the reality we know” (Precious n.d.). The reality of the matter is that what is known at the moment is that community newspapers (and newspapers in general) are one of the best forms of information at our disposal and they appeal to our human need of togetherness and they help to maintain this notion. As long as humankind are aware of this, they will continue to have a big impact on our lives, which means that they will continue to grow. If they continue to grow at the current rate, they could surpass all other forms of media as the major source of community information. Indications show that they may well be on their way to doing so.
Appendix 1
Appendix 1: Johncom Organisational Structure

Group CEO
Connie Molusi

GROUP EXECUTIVE
Dep. Group CEO
Prakash Desai
Financial Director
Howard Benatar

Business Units

- Media
  - Newspapers, Magazines & Digital
- Music
- Retail
  - Exclusive Books & Nu Metro Theatres
- Home Entertainment
  - DVDs, Videos & Games
- Books & Maps
  - Book & Map publishing
- Africa
  - Representing the whole Group in Africa
- Support services – Finance, Admin, Facilities, IT, etc

Group Exe.
- HR & transformation

Associated companies:
  - M-Net, SuperSport, Caxton/CTP

(Swart 2005b)
Appendix 2
Appendix 2: Johncom’s East Cape Community Titles.

Agri Review East Cape
Our Times
Algoa Sun
Ilizwi
Grahamstown This Week
Talk of the Town
GO! & Express
Indabazethu
The Wild Coast Herald
The Rep

(Swart 2005c)
Appendix 3
Appendix 3: Interview

David Katz, the author of this study, asked the following questions regarding Johnnic Communications Community Newspapers, to his father, Anthony Katz. The questions were addressed to Anthony Katz (consultant; new business development. Johncom Community Newspapers) as he is the person most clued up in regards to JCN. Both questions and answers were corresponded via email in November 2005, and they were as follows:

David A. Katz: What is your current position at Johncom, and what is your history with the company?

Anthony C. Katz: I am presently development manager of Johnnic Communications (Johncom) Community Newspapers. I was previously CEO and development manager but the job got too big. After I sold Our Times to TML in 1993, I was the consulting Editor of Our Times. In 1994 I was asked to join the TML monthly Executive Committee EXCO. In 1998 I joined the now Johnnic weekly Management Committee MANCO. In 1999 I took over the advertising features department in Port Elizabeth (PE) as well as maintaining my other duties. In 2000 I was made sales manager for JPEC (Johnnic Publishing Eastern Cape) which covered the titles: The Herald, Weekend Post, Evening Post, Algoa Sun and Our Times. In 2001 Dispatch Media (DM) and JPEC merged management and I was appointed Sales, Circulation and Marketing Director for all Johncom’s East Cape (EC) titles. I thus joined the Boards of Directors of both JPEC (Pty) Ltd and DM (Pty) Ltd. In late 2002 Johncom was restructured and the two EC companies ceased to exist, becoming wholly owned divisions of Johnnic Communications Media Investments (Pty) Ltd.

In January 2003 it was decided by the new CEO of the newly formed Media Division of Johncom, Mike Robertson (previously Editor and later Publisher of the Sunday Times) to split the EC into three Business Units. I was asked to draw up a proposal to
head up the new “tabloid” division, as Mike was aware that community newspapers were the fastest-growing sector of print media in South Africa (SA) – and had been growing consistently at over 50% a year. Johncom was the biggest media owner with the smallest community newspaper footprint in South Africa. I thus put forward a proposal which was accepted and I was appointed as consulting CEO of the new business unit.

**DAK:** What was your role (if that) in establishing this new division of the company?

**ACK:** The original initiative came from Mike Robertson. I was tasked with running the show. First, I had to take Johncom’s six community titles, three previously owned by DM and three by JPEC (and all run as stand-alone businesses) and form them into a coherent, single business unit with shared back-office services. Despite promises that the titles would come over with my choice of existing staff, they came over with almost no staff. I had to draw up the organograms and recruit the staff.

Then I had to grow the number of titles by means of opening new ones and acquiring independent ones. At that stage, it became impossible to run the operation and seek new title opportunities, hence my total operational focus on development while also sitting on the MANCO in EC and reporting to the Johncom Media Development manager in Johannesburg (JHB). After 20 months we now have 13 titles (10 of which are newspapers) and are processing the purchase of four more. What we have planned for next year is even faster growth, but this is obviously confidential information.

**DAK:** When and what made you see the potential in Community Newspapers?

**ACK:** Originally in the 1980s because I lived in an area of seven towns that had no local paper. More recently, through the insight of our CEO Mike Robertson and his development manager Andy Gill making me aware of the extent to which the market was growing. Once I looked into it myself, all I saw was two things: gaps that were waiting to be filled; and private publishers who were passionate about their little papers but did not have the infrastructure and/or knowledge and/or capital to take them to their full potential.
**DAK:** Why Jeffreys Bay for a head office for the unit?

**ACK:** My position has always been that you can’t make money running low ad rate and small print order newspapers out of the high-cost infrastructure of JPEC or DM and make a profit. As JCN is growing at such a rate, however, it seems inevitable that the senior staff are going to be heading more and more towards PE as we need higher-skilled people who will not want to work from Jeffreys Bay. We are, however, in our own separate environments in both PE and East London (EL).

**DAK:** Has there been an internal company (staff) resistance towards the presence of JCN staff operating out of the head offices in PE and EL. i.e. do they feel threatened by your presence?

**ACK:** Very much so! In the old days (pre- the single PE/EL Executive management merge of March 2002) the status quo in both PE and EL was that the “flagship products”, the dailies and Saturday broadsheet titles, were the holy cows. The tabloid and community titles were actively stifled (e.g. [i] in EL the GO! & Express was not allowed to go over 16 pages a week – if it got full at that level, the “sold-out” sign went up on the space and advertisers were forced to advertise in the Daily Dispatch; e.g. [ii] In PE, Algoa Sun sales staff were not allowed to canvass ads from Herald advertisers, while the opposite was not true).

After April 2004, the brands were (theoretically allowed to compete freely against each other. This meant that, for example, a Herald advertiser who wanted to get their message mainly to families in their home could now be offered an advertising rate one third of The Herald’s in the Algoa Sun – Herald sales around 30 000, Algoa Sun free delivery of 76,000 copies to homes. Many Heraldss never get out of the office.

The first ramification of this was that when JPEC handed over the Algoa Sun and Ilizwi to what was to become JCN on 1 April 2004, they poached all the good staff to work for the Herald (which pays higher salaries and smaller commissions) and at the same time insisted that what was to become JCN took Herald staff they (the Herald) did not want but wanted to avoid paying retrenchment packages to.
The second, bigger ramification was that although the three East London-based community/tabloid titles were supposed to be handed over to what would later become JCN on 1 April 2004, this did not happen. What would later become JCN was told to keep hands off in EL for several months while the *Daily Dispatch* poached almost all the good staff and only allowed JCN to take over two titles (without staff, and again expected to take on those staffers that the *Daily Dispatch* deemed to be no good) during May 2004. The Queenstown Representative, however, was only handed over several months later, and only after a huge bun-fight with the *Daily Dispatch* over who would take over which of the staff.

This continued paranoia about JCN’s activities was seen in many aspects of the daily business interaction between the two business units in PE and EL. Examples were that in EL JCN staff were not allowed to use the internal messengers nor use the company-provided milk for their tea. Equally ludicrous and clearly a sign of the flagships feeling threatened was that in PE the messengers were also not allowed to be used, and neither was the photocopier. Despite regular protests at the highest level, particularly as JCN was carrying it’s fair share of the costs in PE and EL, it took a long time to get all of the above (and many other) petty nonsense sorted out.

After Financial Year 04/05 results came out, and the flagships were waning while the JCN stable was flying, things became very competitive. We had taken staff whom the flagships had felt were has-beens and turned them into super sales and admin staffers. Examples of the ongoing animosity include DM and JPEC often poaching our staff on one day’s notice when they need someone, while getting management to over-rule our recruiting of some of their staff, and insisting others give a full month’s notice before moving over to JCN. An other example is EL refusing to handle the classified adverts for EL-based titles and PE classifieds sales dropping off hugely as a result of their call-centre staff and canvassers not offering our products unless clients specifically ask for them.

**DAK:** Why has there only been a major focus on developing titles in the Eastern Cape?
ACK: This is again a confidential issue. The idea was to find the gaps and acquisition-opportunities in the EC as that is where we are headquartered. We are already spreading our horizons out of the province, and that’s all I can say on the matter.

DAK: Do you perceive Media24 as a major threat to your development of titles in the Eastern Cape? If so, why?

ACK: Yes, our major competitor. Media24 need to remain in the province primarily to keep an Afrikaans daily alive. That daily will never pay its way. So they do various commercial printing work to assist in carrying the costs of their presses and staff. However, they have the leading freesheet in PE and the only newspaper in Uitenhage.

DAK: Do you perceive community newspapers as becoming as competitive as the dailies in regards to competition between the major publishers? If so, how do you think this will transform the community newspaper industry in South Africa?

ACK: For the advertising Rand, Yes, and it already has. Community newspapers are the biggest (advertising revenue) growth area of print media worldwide – and SA is no exception – in fact the growth rate in SA if far higher than the world average. The dichotomy at Johncom, Media24 and the Independent Group is how to keep their community titles growing while not losing too much ad-spend in their flagship daily and weekend products. And, in the case of Media24 particularly, and Johncom to a smaller extent, not cannibalising the ad-spend in their magazine division. This is obviously not a problem for Caxtons as they only own one small daily newspaper (*The Citizen*) and their magazines tend to be more brand-adverting orientated.

This cycle will continue. So the major effect to come is that dailies will have to get more of their revenue from readers (cover price increases) and may become smaller in paging as they continue to lose advertising spend. Dailies will also have to get a lot smarter about how they market themselves and how they can offer advertisers better value-for-money propositions without cutting their ad rates. Added value, promotions and subsidised events being some of the ways they can do this.
The only transformation you will see in community newspapers will be a plethora of new papers opening to take advantage of the fast-growing regions and disposable incomes in areas not presently serviced by a community newspaper of their own.

**DAK:** What agreement do you have with CTP/Caxtons in regards to overlapping of titles?

**ACK:** In the Eastern Cape, their market is products to national advertisers and don’t have any titles or infrastructure of their own in the EC. This allows them to offer “national coverage” without having to operate any titles in the Eastern Cape.

There are no other agreements that I am aware of at this stage.

**DAK:** At this point in time, is filling the gaps the best option? Could the Eastern Cape example be repeated in other regions of the county, specifically Gauteng as the biggest market with the greatest reach and the most money to be made?

**ACK:** For the Eastern Cape definitely – as there are so many gaps to fill. Remember that two of the four big industry players have no presence in the marketplace – it is only Johncom and Media24. And neither Caxtons nor the Independent Group have eyes on the province.

Nationally, community newspapers open where they can take advantage of a fast-growing region and disposable income in areas not presently serviced by a community newspaper of their own. Gauteng may be a big market, but it is also over-serviced in most areas. Caxtons are now tackling Soweto with a spate of new offerings – other townships will follow. Also remember, most community newspapers in Gauteng are free. This means: You get no revenue from your readers, you have to pay someone to deliver door-to-door and you have much higher print-orders.

The most money to be made is in places that historically could not support their own community newspapers – but now can. That means that as private or one of the big-four publishers identify these opportunities, they will be able to open titles with a
cover price, small print orders, and, hopefully, advertisers cueing up to reach the market that the community paper has created.

**DAK:** Why have Johnnic allowed this division relative financial freedom, when they are cut costs and clamping down on spending in other divisions of the company?

**ACK:** I wouldn’t say that they are allowing “relative financial freedom” in operating cost terms. It is more a question of having to develop and build infrastructure that will be cheaper than what was before and a management team to control the rampant growth.

The other issue is that “you have to spend money to make money” – so from that point of view of capital investment in new products and acquisitions, Johncom is prepared to go into any venture where the numbers make sense. Say we wanted a two-or-three-year payback on investment, we do the numbers, ask ourselves if we expect to get it, and then take the matter through the appropriate channels in Johncom. It’s not like we say “let’s plan to spend Rx-million this year on new products” and that’s it. We may find (and have found in the past) a single product that costs Rx-million but we see a two-year payback opportunity – heck, we’d buy ten of those in one year if we could find them. So the freedom the division has, is in its access to start-up or acquisition capital.

**DAK:** What is Johncom’s relationship with government, and because of their BEE status do you think that the government favours them in any way over the other publishers?

**ACK:** Johncom is one of four major newspaper print groups in SA – the other three being Media24, Independent and Caxton. There is a major cross-ownership between Caxton and Johncom. As you say, only Johncom is a BEE company. Also, both Johnnic Holdings, our former major shareholder chaired by Cyril Ramaphosa, and Johncom CEO Connie Molusi and Chairman Mashuda Romanoch have almost completely black management with impeccable struggle credentials.
Many of our Directors and shareholders sit on government advisory bodies, inside ANC political structures, etc. Connie Molusi was recently re-elected as President of the Newspaper Association of SA after standing down for a year. The Newspaper Association of South Africa (NASA) was recently invited to bid for the World Association of Newspapers (WAN) 60th World Newspaper Congress, 14th World Editors Forum and Expo Services in 2007. The bid was presented by Connie Molusi and Natasha Volans, General Manager of Print Media SA, at the World Association of Newspapers (WAN) Board meeting in Copenhagen, Denmark, on November 15th 2005. WAN has an extensive membership base, consisting of 72 national newspaper associations and approximately 18,000 publications spanning five continents. I wouldn’t say that there is direct favour shown to Johncom, but we do get a good deal of Government business because: We qualify in terms of governments BEE ratings when it comes to tenders; we have several departments in all Johncom Media divisions (manned by high-powered staffers) that focus on government business; and many government jobs are advertised in the Sunday Times Appointments section merely because it reaches the market government wants to attract.

**DAK:** Finally, without giving away too many secrets, what do you see in the future for community newspapers in South Africa?

**ACK:** Firstly, the cost of entry to the market has come down so dramatically over the past ten years due to technological advancement, that anyone with a bit of common sense, a computer and a print contract can become a publisher. A plethora of new titles are popping up and there is a very active private publishers’ association.

As I have said above, these private publishers who are passionate about their little papers will run out of infrastructure and/or knowledge and/or capital to take them to their full potential. And so they will be bought out by or will reach a point where they will be taken over by one of the big-four.
There is so much room for growth that all the players can prosper. Caxtons are concentrating on new Urban (township) freesheets and free suburban magazines. Media24 are after everything. Independent will continue to look for new possibilities and JCN (Johncom) will fill the gaps in between.

**DAK:** Thank you for your valuable time.
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