Media Viability

A discussion paper for Namibian Media

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I. Introduction

The media industry is facing various constraints the world over, this as a result of internal and external pressures key being failing business models leading to media shutdowns, scaling down, retrenchments, shift to digital platforms from traditional platforms such as newspapers and magazines and in some instances media capture. At the same time media are innovating on new revenue streams and increasing content distribution platforms to remain relevant to their audience and market needs.

Namibia's media has not been spared these challenges with research indicating a media sector under strain and grappling to keep afloat. Like other countries in the region and globally, Namibia media is operating in an economy weighed down by recession, the after-effects of Covid-19 pandemic, challenges with adaptation to the digital era and shifting media consumer patterns. This has created fear and uncertainty within the sector and more worrying journalism cannot thrive under these conditions. When media fails to meet and play its public interest role trust with audiences is lost and as is being witnessed globally, misinformation and disinformation is on the rise, partly as a result of an absence of quality and relevant journalistic content and a shift in how audiences access and engage with content. Traditional models of media viability and sustainability are no longer effective as advertisers are pulling back at the same time as households reduce spending and publishers face rising costs on multiple fronts. Those that still rely heavily on print have been particularly affected, with the cost of production doubling in some cases while copy sells have remained stagnant or gone down. Amidst what can be called a perfect storm, media sector players in Namibia have shown resilience that needs transformation into learning and adaptation. The future of the media in Namibia as in other parts of the world is dependent on learning, adaptation, and innovation.

This discussion paper is a summarized compilation of the various views, data and research on media viability in Namibia, Africa and globally and intends to be used as a starting point for media sector dialogues on issues of viability. This discussion paper is cognizant on the peculiarities of operating contexts and that media in Namibia should be viewed in terms of its unique challenges that are informed by Namibia's demographics and socio-economic dynamics. While some recommendations are global, this discussion paper endeavors to bring out the specific Namibia media sector viability issues that need a sector approach towards solutions. Key questions for media owners and managers are what is the starting point in reviewing, strategizing and implementing new approaches towards media viability. These questions need individual media and the sector as a collective to grapple with in a more structured manner inclusive of consultations with media audiences, public policy makers and advertisers. What is also needed is reflective, learning, and adaptive media management towards clear viability strategies. The survival of the media sector in Namibia is therefore not only an economic but a management issue that seeks a deeper connection with audiences.

II. Working definitions and terms

- **Media sustainability, and media viability**

Media sustainability concerns the continuous financial viability of media operations. "Sustainability" and "viability" are used interchangeably by the media development sector, with differing interpretations of what this means in practice. "Viability", which "is not limited to financial sustainability but also the ability and capacity of media outlets to produce high-quality journalism in the long-term". Media "viability" is about the existing and potential ability of individual media partners to cover the cost of producing and distributing public interest journalism without having to compromise their values and ethical standards . In so doing, media fulfil a demand or perceived need for this content. "Media business viability", therefore relates to the capabilities on the business side of individual media operations and their requirements for running those over time.

Media viability and sustainability is also an important issue for overall press freedom since a media outlet that is under considerable financial pressure is far more likely cut back on journalistic capacity and curtail reporting that might negatively impact advertisers and other revenue-providers whether commercial or government backers.

[1] IMS learning brief: Supporting media business viability, 2021

Furthermore, a lack of resources can impact on the level and scale of quality reporting that a media organisation can conduct.

- **Digitisation**

'Digitisation' or 'digital transformation' refers to "the process of converting information into a digital (i.e. computer-readable) format." Digital transformation impacts on human society and activities as a whole. This disruptive, transformational process can be described as the 'digital revolution' or the third industrial revolution. It is important for the media sector in Namibia to be aware that digitization has taken many forms and advanced in many formats. The media sector is on the cusp of a new wave of disruption as artificial intelligence technologies start to impact on the real world, driving greater efficiency and automation on the one hand, but also enabling content to be remixed in surprising and unpredictable ways. This hopefully will help media companies do more with less, as well as open up opportunities in the creation and distribution of smarter content.

- **Innovation**

A simple definition is invention linked to commercial or social exploitation. It involves something new. innovation is the action or process of innovating. Its exploitation of new product service or process leading to results in marketplace commercialisation. It involves a strategic process and can be at a system level, competence level or incremental level.

III. State of media viability in Namibia and Africa

Namibia, despite being sparsely populated nation, has a fairly diverse and pluralistic media environment, at least in terms of the number of local media houses in print, radio and broadcasting. There are 12 major newspapers in Namibia. The majority of print publications are operated as commercial businesses, while the government owns three newspapers: one daily and two weeklies, one of which – the Southern Times - is a joint venture with NamZim Newspapers Pty (Ltd) based in Zimbabwe. The Namibian, which is owned by the Namibia Media Trust is the leading private media house. A study conducted by the Friedrich-Ebert-Stiftung (FES) and the Media Institute of Southern Africa (MISA) in 2015 lists 30 radio stations including 10 Namibia Broadcasting Corporation (NBC) language service stations. The study also listed 10 commercial and 10 community radio stations, the latter of which included an online station operated by the state-owned Namibian College of Open Learning, a distance education institute. The internet is growing as an avenue for people to access music, although less than 10% of the population has access to internet. Limited broadband coverage and high cost of internet data benefit legacy media operations, as does the fact that physical newspaper copies remain popular with consumers. However, Afrobarometer surveys indicate that younger Namibians (18–35-year-olds) source news increasingly from social media rather than from newspapers.

Namibia media, like all other media rely on generating income from their products to cover production costs and other expenses - and generate a profit. Non-profit and state-owned media face fewer economic pressures than their commercial counterparts. Dynamics on how media generates income differ dependent on media markets and formulating approaches towards supporting media viability in Namibia requires an understanding of the economy of the media. Compared to other neighboring countries such as South Africa and Zambia, Namibia has a low population and media relies mostly on the urban middle and upper class and its economy has been on a slide for the past 5 years. Namibia has state owned, and subsidized media which to some extent can absorb market shocks while the privately owned media have to rely on own revenue to keep afloat. A notable challenge in this scenario is a lopsided costing of adverting fees in which state-owned media can afford to charge lower advertising rates thereby undercutting private media houses who have higher production costs and no subsidies.

- **The Covid-19 effect**

The after-effects of Covid-19 which saw contraction in economic activity saw advertising for online, broadcast and print media plummet. Newspaper circulation and advertising revenues remain depressed. Lower circulation figures make newspapers less attractive to advertisers who face having to drop their prices for adverts or see advertisers move to social media or other online platforms[2]. Almost all newspapers in Namibia significantly cut newspaper print runs some by as much as half and some even more. This is the bigger threat, since globally advertisers are switching to digital channels, advertising via Google and Facebook.

Prior to the pandemic, legacy media invested in new, but hard to monetise digital products and services while maintaining a dual-business model. This was however disrupted by Covid-19. In this instance Namibia's media experience now mirrors global conditions with Covid-19 accelerating the country's embrace of the digital transformation. There is evidence that during the pandemic media audiences were looking for trustworthy and authoritative information; however, this appeared to be lacking from authorities particularly at the start of the pandemic[3]. In turn media houses failed to actively fact-check Covid-19 info and were unresponsive to public discussions. This left a vacuum which was filled with disinformation primarily via social media channels[4]. As a result, many consumers appeared to become more distrustful of information carried by Namibia's mainstream media.

Regionally, it is difficult to gauge exactly how steep the plunge in advertising was because it differed from country to country. For example, it made no sense to advertise when buyers could not see the ads, for instance in newspapers many of which stopped printing including in Namibia. Initial estimates in South Africa, as an example, were of declines in advertising revenue of 30% to 65% or even 100% . Broadcast media acknowledged pressure from digital revolution – streaming services were becoming stiff competition and resulting in ad revenue fall; felt that local regulations were disadvantaging business – broadcast license fees enforced by Communications Regulatory Authority of Namibia didn't apply to international competition. While media managers and publishers are concerned about the economic slump, it appears that the pressure facing the Namibia media are more than economic but shifting consumption patterns and pressure from digital media. Compounding this situation is an absence of comprehensive digital adaptation strategies. Adaptation and the economic pressures is exemplified by the Namibian Economist newspaper which became a digital-only publication and retrenched 12 staff at the end of 2016.

IV. Considerations towards a media viability vision and strategy

Namibia media including most private media houses generate their revenue from "dual markets" meaning they sell their product to individuals while also participating in the advertising market, which sells access to their audience to a wide variety of buyers. This adds significant complexity to the business model since media houses have to cater to two vastly separate clients that is audiences and advertisers.

The challenges of digitisation have placed further pressure on the dual markets model especially as advertising revenue is falling away. The move to online models is unstoppable but what is lacking are clear strategies that hopefully will lead to revenue generation and viability. On its decision to go digital, T***he Namibia Economist*** stated that falling circulation and advertising sales had prompted the move to go digital and this trend will likely continue. While Namibian newspapers have sought to utilise digital mediums for their benefit, however, simply providing content for digital platforms does not guarantee media houses a new source of revenue and many digital platforms have failed or are struggling to provide consistent revenue.

Online advertising revenue has equally been captured by big tech companies that include Facebook and Google and this competition means Namibia media is failing or struggling to reap the financial benefits of their investments in online media.

Research and assessments with media managers in Namibia and globally show that diversified revenue streams are the way to go with more publishers (mostly in the west) investing in subscription and membership in 2023. Membership is being seen as an important revenue stream as compared to advertising. Others still expect some growth in subscription and other paid content income. It is also important to note that publishers in mainstream

[2] International News Media Association (INMA), March 23, 2020, https://www.inma.org/blogs/earl/post.cfm/zero-incidents-of-covid-19- transmission-from-print-surfaces
[3] Interview with Beyleveld Natasja. NaMedia. Windhoek, May 12, 2022.
[4] Interview with Frederico Links. Namibia Fact Check. Windhoek, May 14, 2022.
[5] Insights from the Entertainment & Media Outlook: 2019–2023 - An African perspective (pwc.co.za)(https://www.pwc.co.za/en/assets/pdf/entertainment-and-media-outlook-2019-2023.pdf)

western media are beginning to pay less attention to Facebook and Twitter and will, instead put more effort into TikTok, Instagram and YouTube, all which are popular with younger people. Below are case studies of African media that are successful in developing new business models.

V. Case studies on media adaptation

Daily Maverick (South Africa)

Founded in 2009, DM is a South Africa media house digital and hard copy publication focused on policy analysis and investigative journalism, and has also branched into lifestyle, sports, and business coverage and has nearly 8 million readers per month. Daily Maverick is split across different sections: Business Maverick, Maverick Citizen, Maverick Life, Maverick Sports, Scorpio – the investigative unit, Our Burning Planet and Thank God it's Food (TGIF); Don't shoot the messenger and Maverick Sports, podcast, documentaries. Revenue streams for the DM include copy sales, online and newspaper ads as well as membership launched in 2018. Since inception in 2009, DM has focused on original content, which is free for Internet users to access, without a paywall, and is funded via advertising. DM online advertising model features display advertising on a single large premium banner ad per page which is separated from editorial content. In 2018, the Daily Maverick launched Maverick Insider, a voluntary membership plan that doesn't have a paywall or standard donation request. Contributions from readers will keep the Daily Maverick free for those who can't afford to pay. When the Daily Maverick launched membership in August 2018, they launched the pay-what-you-can scheme with a slider tool on their membership landing page where members could select any amount above R75 (about $4.50), they sought to influence members' selection by setting the default to R150 (about $10). That was the most common selection among early members, followed by the minimum of R75, or less than $5. DM now has over 20,000 members and generates about 25% of its revenue from membership. When the DM launched its membership program, they had two goals: make membership as inclusive as possible and make it easy for those who could provide financial support to do so. So they eschewed membership tiers and implemented a "pay-what-you-can" model, with one key benefit that incentivized those who could afford to contribute more to do so.

The Nation Media Group (NMG) (Kenya)

The NMG is East Africa's largest integrated and independent media house. NMG operates one of the region's oldest newspaper brands, the Daily Nation, amongst many other publications which have unique audiences. These include Business Daily, Taifa Leo, the East African, Daily Monitor and Mwananchi. NTV is 3rd in Kenya's 2016 television ranking. NTV's Twitter handle is Africa's most followed news handle having hit one million followers in recent rankings. (GeoPol Kenya Media Analytics 2016). The News has over 20 webpages, 25 million sessions per month and 100 million page views per month. In particular, www.Nation.co.ke, has attracted the highest number of visits, mainly from Kenyans in the diaspora who would like access to news back home. NMG group strategy is to shift focus from a traditional media house to a digital first media house, maximizing on mobile platforms as it has presented a challenging, yet unique way of audience reach. NMG digital adaptation is centered on use of digital data to drive editorial decisions. As an example NMG newsrooms have big screens at the centre of the newsroom which display how individual stories are performing online in terms of clicks, likes, shares and the time audience members spend reading each article. This enables the newsroom to be more targeted in its reportage and increase awareness of audience trends. In 2022 the NMG grew profits by 12 percent and the group says going forwards the bulk of revenue revenues will come through going digital. The group adds that legacy media like print will remain for a few years, but distribution will be mainly digital. We hope to reduce reliance on print gradually to not more than 25 percent,". With seven out of every 10 Kenyans having access to the Internet, online content consumption is fast-gaining currency in the country which NMG hopes to seize as it grows into a modern digital content publisher to wean it off legacy media. The company is placing greater focus on growing reader revenue from content delivered digitally.

Recommendations:

- **National Media Organisations/media managers**

Namibia media needs coherent, research based, and audience informed digital migration or adaptation strategies that take into account changes in the online or digital media, this including reality that first-generation social networks like Facebook and Twitter are struggling to retain audiences as older people get bored and younger users migrate to new networks like TikTok. There is a need to put more emphasis on connections and content that are good for society. The key being how media transform digital content to meet rapidly changing audience expectations. One lesson taken from Reuters is to co-opt a few journalists to help draw up a plan on where the organisation is headed in coming years. A strategy is imperative to assist the top leadership in devi

Linked to above is a need to be aware of the next wave of technical innovation that is already here, key being advances in artificial intelligence (AI) which provides both opportunities – and challenges for journalism. AI offers the chance for publishers to deliver more personal information and formats, to help deal with channel fragmentation and information overload. But these new technologies will also bring existential and ethical questions – along with more deep fakes.

Namibia media must also focus on the retention of existing subscribers, rather than (spending a lot of resources) adding new ones. Those operating subscriptions have a base on which to build and hopefully keep some growth through special price offers. Examples of offers to subscribers include The Washington Post end-of-year deal that was 75% off its premium rate plus a bonus subscription for a friend. Renegotiating with service providers can lead to lower or special price deals on media house production inputs.

Media must also talk more about their mission and the quality of their journalism linked to specific issues like the economy, climate change, service delivery, health, culture, politics, anti-corruption etc. The Guardian, as an example, emphasizes on its fearless, independent journalism and DM in South Africa emphasizes on anti-corruption and accountability thrust.

As indicated on the DM case studies, media could consider locking subscribers through bundling additional features or complementary brands. Bundled subscribers' tend to pay more over time and are less likely to cancel. Other media in Africa and globally are experimenting with developing premium product extensions like games, cooking, books, podcasts, and newsletters.

Training and Talent Development: The new age journalism will also have to look into how to develop talent that is ready to take on the new media environment. Take for instance, the use of cell phones to capture stories and edit news pieces. This was a rare phenomenon a while back but this has changed. The Frontline Club, an association of Journalists in the United Kingdom, has engaged in mobile journalism training for its members who include scholars of various journalism institutions.

Audience Engagement and Tracking Readership and Viewership Views: A learning from the international media houses is how they track news by the hour, and post reactions received from the viewers / readers. This is useful information to look at for areas to improve on, be it content or platform sharing. Further, this can provide useful content for online advertisers as clicks give helpful data.

Diversified revenue remains a priority for publishers as some publishers note that multiple different revenue streams are important. The Guardian, for example, combines subscriptions on its app with a donation model, digital advertising, revenue from platforms and foundations, and events too.

Newsroom Layouts: Creative spaces are needed to offer an environment to promote out-of-the box thinking. The Financial Times, Google, CNN, BBC and WSJ have a striking similarity on investments made to ensure spaces are clean, aerated, and attractive to both in house, guests, and clients. Most of these newsrooms had a "media hub" which is a central working space and television studio integrating all outlets of news (online and offline.

It is important that a sector and stakeholder dialogue be initiated with the Namibia government on subsidies to media that may include duty or tax waivers or reductions and a more equitable advertising structure that benefits both state owned and private media.

- **Media Development and advocacy organisations**

  Should base assistance on current, local needs. There is no effective one-size fits-all model for media viability. And in that process buttress media independence.

  Linked to above: Assist media to develop models that combine technology, creativity, and business. Adapt ways to scale while preserving independence and carve out economic opportunities as a symbiotic relation to the local ecosystem.

  Money needs to be found not only for journalism training only but also for capacity building of media owners on how to adapt, grow revenues and this should be based on market research and audience surveys.

  Appeal to potential donors by explaining the importance of the media in terms of social and economic development. Free and independent media are unquestionably crucial for the proper functioning of democratic institutions.

- **Media Support Organisations/Media Development Funders**

  Donors should be aware that programs geared only toward full sustainability are a vain exercise in countries with inhospitable legal and economic environments for media.

  Donors should encourage media to become profitable, while remembering that good journalism has a public service function.

  Donors should try to provide longer-term support and coordinate efforts with each other to sustain projects.

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