



Hustle and Flow! An analysis of Naspers' operationalization as reported by prominent South African newspaper publications over a three-year period.

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Abstract

This thesis deals with two pertinent questions. It examines the shift in business operations Naspers has undertaken to become a predominantly e-commerce based global conglomerate. Secondly, it examines the media coverage, specifically the reportage by the fraternity of the most popular South African financial newspapers. Literature published on Naspers has revealed that since its inception the company has been able to reinvent itself through a series of acquisitions, and start-ups throughout the historical stages of South African history until its early footprint into e-commerce. This thesis predominately adopted the political economy of communication by drawing upon certain principles encompassed in the model. This thesis purposively collected one hundred archival articles from four of the most prominent South African newspaper publications and proceeded to implement an inductive and deductive textual analysis. The thesis highlighted that Naspers' transition into an e-commerce-based company was fuelled by the business acumen of their chief executive officers and their investment into Tencent while still enabling the 'old guard' to remain in power. Secondly, the media coverage of Naspers' transition was predominately favourable towards them, especially the coverage on Koos Bekker. However, the media did reportage their scepticism on Naspers' being over reliant on Naspers' investment in Tencent.

Key Words: Naspers, e-commerce, multinational corporations, political economy of communication

List of acronyms

Black Economic Empowerment – (BEE)

Chief Executive Officer – (CEO)

Developed multinational corporations – (DMCs)

Emerging multinational corporations – (EMNCs).

Gross domestic product – (GDP)

Hong Kong dollars – (HKD)

Information technologies – (IT)

Instant Messaging – (IM)

International Monetary Fund – (IMF)

Media Concentrations and Pluralism – (MM-CM)

Multinational corporations – (MNCs)

Myriad Investment Holdings – (MIH)

National Basketball Association – (NBA)

National Party – (NP)

Private equity – (PE)

South African Broadcasting Corporation – (SABC)

South African Rands – (ZAR)

The African National Congress – (ANC)

The World Trade Organization – (WTO)

Third-World multinationals – (3WMNCs)

Transnational corporations – (TNCs)

Transnationality Index – (TNI)

United States – (US)

United States dollars – (USD)

Variable Interest Entity structure – (VIE)

World Wide Web – (WWW)

Table of Contents

List of acronyms	iv
Chapter One: Introduction	1
Introduction.....	1
Background and key concepts	1
Naspers.....	1
E-commerce	4
Multinational and transnational corporations	6
Globalisation.....	7
Globalisation: The South African context	9
Theoretical Approach.....	9
Rationale and Objectives	10
Methodology	10
Conclusion (Dissertation Overview).....	12
Chapter Two: Theoretical Framework.....	14
Political Economy as a theoretical rubric	14
Political Economy of Communication.....	18
Broad sweep of what has been presented in chapter two.....	25
Concepts within Political Economy of Communication pertinent for study.....	28
Conclusion: The Centrality of Power	49
Chapter Three: Literature Review	50
Introduction.....	50
Print Media Platform.....	51
Pay-Television Platform	54
Internet Platform	55
Naspers' operationalization in post-apartheid era (2000-2015).....	66

Naspers' Ideological Transition.....	66
Naspers technological and business growth (practical)	70
Diversification into Africa and the Global market	72
Conclusion	75
Chapter Four: Methodology.....	76
Introduction.....	76
Research Questions and Sub Question	76
Data Collection	77
Time-period.....	79
Research Design.....	79
Data Analysis	82
Limitations	83
Conclusion	84
Chapter Five: Data Analysis of the Economic Sphere.....	85
Period 2013	85
Economic – Activities.....	89
Period 2016	102
Chapter Six: The Technological, Editorial and Ideological Spheres	104
Technological Development	104
Period 2013	104
Period 2014	104
Editorial Content.....	109
Ideological Ethos	113
Chapter Seven: The Press Coverage of Naspers.....	119
Theme one: kalahari.net merger with takealot.com.....	119
Theme Two: Naspers as personalities - Koos Bekker and Bob van Dijk.....	120
Theme Three: Naspers' investment in Tencent	125

Chapter Eight: Conclusion.....	133
References.....	136
Primary sources: Original Source Dataset	136
Secondary sources: Books, Chapter and articles referenced	146

Chapter One:

Introduction

Introduction

This study is an investigation of the South African global media conglomerate *Nasionale Pers* (Naspers), specifically their e-commerce business platform. It builds on a political economy perspective of Naspers' business operationalization and within it examines South Africa's newspaper's coverage of the conglomerates global business operations. The study argues that the South African newspapers' coverage of Naspers global operationalization indicates the company's primary business operations globally. This study is therefore couched within an interpretivist research framework which aims filling in a knowledge gap of Naspers' global e-commerce business platform, and how the company has achieved this transition.

Background and key concepts

Naspers

“Naspers which started out as an Afrikaner business with a single-minded vision has become a broadly based South African business with very strong international connections.” (Vosloo, 2003)

Naspers is one of the most prominent South African companies trading on the Johannesburg Stock Exchange (JSE). Founded in 1915, by a group of Afrikaner nationalist, Naspers' used a series of acquisitions and start-ups to establish the dominance in the Afrikaans print media market, and become a loyal and trusted partner of the ruling National Party (NP) until the 1990s. The partnership and shared political agenda between Naspers and the National Party was centered on the promotion of Afrikaans culture, and was largely paid for by the ruling party, who were a big and profitable concern for Naspers (Botma, 2008:44).

The advent of democracy in 1994, Naspers was part of an exclusive group, with three other white owned media companies, that were able to maintain their prominence in the South African media industry. The South African Naspers used the changing political and economic climate of this period to consolidate their stature and increase their wealth. The end of apartheid in 1994 saw the South African media industry (public and private media sectors) repositioned,

transformed and restructured by political, economic, cultural and social pressures. While the four-major press group (*Times Media Group, Independent News and Media, Naspers and Caxton*) were weakened and transformed at the ownership level by foreign capital and black-dominated capital investment. The group also reaped the commercial benefits of the South African media adopting neo-liberal and globalist tendencies, in their transformation into becoming more commercialized (Wasserman and Botma, 2008:3; Shepperson and Tomaselli, 2009:479; Botma, 2013:15-16; Banjac *et al.*, 2016:17-18).

In the year 2000, Naspers decided to use the capital they had acquired through various acquisitions and startups to reorganize their print media division. Media24 was a subsidiary company that was established as a means of reorganizing and rebranding Naspers' news and print businesses under one umbrella company (About Media24, 2017).¹ In the year 2006, Media24 digital division, in conjunction with MWEB Studios, decide to launch their first online publishing platform called 24.com (www.24.com). From the year 2012 to 2016, Naspers would be engaged various business activities that would expand and strengthen their internet platform (About Media24, 2017). Initially, News24 decided to launch their first news-focused user-generated content platform and the first isiZulu news service website, called Izindaba24² (isizulu.news24.com). This would be preceded by the launch of spree.co.za (www.spree.co.za), the first e-commerce business of Naspers, as the website was an e-fashion store that would quickly become popular in South Africa. Media24 would further decided to collate the content from their various Afrikaans news sites (*Beeld, Die Burger, Rapport and Volksblad*) into a single news site, called Nwtwerk24. 24.com would take advantage of the closure of the South African Press Association and launched its own news wire service called News24Wire. Finally, in the year 2016 Media24 would pioneer the first national digital Afrikaans service through Netwerk24 (About Media24, 2017).

¹ www.media24.com/about/

² This occurred in the year 2012.

Naspers is a global multinational corporation that has evolved into a transnational business enterprise, as noted by the Transnationality Index (TNI) the Transnationality Index assess transnational corporations engaged in foreign activities compared to their total activities (Ietto-Gilles, 1998:20). The most fascinating aspect of Naspers' status as a successful global multinational corporation, is its transition from a heritage based media (print media and pay-television) company towards a predominately Internet based media company. Furthermore, Naspers' ability to transition into a predominately e-commerce conglomerate without disregarding and/or abandoning its legacy platforms (print and television) business activities and operations. The dissertation will concentrate on one aspect of Naspers' business operations, specifically their e-commerce business interests.

Naspers are a broad-based multinational media group that offers services in more than 130 countries globally, with their core business operations being in e-commerce, pay-television and print media. Naspers further has minority investments in listed, integrated social network platform companies: Tencent and Mail.ru. They view their operations predominately operating in markets with potential and most of their businesses are market leaders in their respective sectors. It further depicts the business strategy of Naspers in seeking to offer trading opportunities, entertainment information, gaming and access to any other potential business ventures (Naspers January Fact Sheet, 2015). While this 2015 Factsheet is outdated at the time of the dissertation's completion, it does reflect the situation at the point of the research and the collection of the journalistic database. It therefore relevant in its description of Naspers' business operations becoming reliant on e-commerce trade.

Naspers' expertise is also based in e-commerce, connecting people, distributing media products, creating media content and selling advertising, with the company generating their revenue through online subscription and payment and a relatively small contribution from advertising revenue (Naspers January Fact Sheet, 2015). Their objectives are to grow their e-commerce businesses, build up their pay-television subscription base, focus on investment and technological innovations, maintain their presence in the local market, and provide quality service. Their business strategy in relation to their work force seeks to focus on local culture and language, entrepreneurial skill and quality of their workforce and strive to improve and be useful to the community they serve (Naspers January Fact Sheet, 2015).

E-commerce

Defining e-commerce or electronic commerce is problematic process, as e-commerce does not have a standard definition. A broad definition of e-commerce encompasses business activities that use modern innovations: telephone, fax, electronic payment, money transfer systems, electronic data interchange and the Internet. The World Trade Organization (WTO) General Council adopted and further expanded the broader view of e-commerce in their work programme by defining it as " [t]he production, distribution, marketing, sale or delivery of goods and services by electronic means" (WTO General Council, 1998 quoted in Mitchell, 2015:341). A simplistic view of e-commerce is any commercial activities on the Internet (Mitchell, 2015:341). Janice Burn (1999:1) further noted the confusion surrounding the definition of e-commerce, also influenced the terminology used to describe agencies in the electronic market due to the various terms (e-commerce, e-markets and e-business) being used interchangeable. This study defines e-commerce as business transaction that takes place over the Internet. This would involve purchasing and distribution of goods and services on the Internet or other computer networks. The first form of e-commerce trade began in the 1970s and involved the transmission of commercial documentation to other business entities. In the 2000s, e-commerce would come into prominence, due to the invention of the Internet, which enabled businesses, the ability to present their goods and services online (Iyer *et al.*, 2002:45).

The evolution of the Internet has further transformed the traditional factors of production. Economic power is no longer determined by capital and labour rather by the ability to control and manipulate information in the Internet era (Iyer *et al.*, 2002:45). A vast number of individuals and organizations globally have accessibility to the Internet. This accessibility has a profound impact on business operations, as platform-independent technology and ubiquitous reach of the Internet, allow companies to access new channels of distribution, fore communities of buyers and sellers and increase revenue. E-commerce enabled individuals and business companies to engage in business transactions without the limit of time and space. The unlimited restriction of time and space allows business organizations to sell directly to consumers globally, changing the traditional business model from 'brick and mortar' model towards an Internet-based operation (Maddox and Blankenhorn 1998 quoted in Bingi *et al.*, 2000:3).

Transnationalism

Transnationalism is as a concept that lacks a precise definition, but is a clear social phenomenon. Transnationalism broadly refers to a linkage of multiple ties and interactions between people and institutions across borders of nation-states (Vertovec, 1999:447; Gowricharn, 2009:1620). Transnationalism is a concept that preceded after the establishment of the notion of 'the nation', and in contemporary society, transnationalism is viewed as a long-distance networking that incorporates system of ties, interactions, exchange and mobility that function intensively in real time globally. This is made possible by the new technologies in the telecommunication industry that serve to connect networks in an efficient and quick manner. Transnationalism also describes a condition in which certain kinds of relationships have been globally intensified and take place paradoxically in a planet-spanning arena of activity (Vertovec, 1999:447; Portes et al., 2003:221).

Various academic fields have interpreted the meaning of transnationalism into their respective field. Scholars, such as Alejandro Portes, Luis E. Guarnizo and Patricia Landolt (1999:217-223), from the *Ethnic and Racial Studies* describe and understand transnationalism in relation to a significant new category of contemporary migrants. Portes *et al.*, emphasised that the scale of intensity and simultaneity of current long-distance, cross-border activities (especially economic transactions) provided the recent emergent, distinctive and, normative social structures and activities that merit to be called transnationalism. **While recent studies on transnationalism that do not focus on migration are viewed as being confusing array of perspectives.** The theory and research on transnationalism has been founded upon distinct conceptual premises, with six being the most prominent. These different conceptual premises of transnationalism are often not exclusive from each other, but in some cases reliant on each other (Vertovec, 1999: 448).

This study will be focusing on one conceptual premise of transnationalism, as an avenue of capital. This premise of transnationalism focuses on transnational corporations (TNCs) being a major institutional form of transnational practices and the key to understanding globalisation. This is due to most of the world's economic system being dominated by transnational corporations' vast scale of operations (Dicken, 1992 quoted in Vertovec, 1999:452). Transnational corporations represent globe-spanning structures or networks that have presumably jettisoned their national origins, and have established their own unique systems of

supply, production, marketing, investment, information transfer and management in which much of the world's transnational activities flow (Vertovec, 1999:452).

Transnational activities and flows were not limited to transnational corporations in the global economy. The little players that comprise the bulk of transnational communities are also impactful. The relatively small amounts of money generated by migrant transfer as remittance to their places of origin now add up to a substantial amount of money globally. For example, migrant transfers accounted for USD 75 billion in 1994 and continued to increase over the decades (Martin, 1994 quoted in Vertovec, 1999:452).

Multinational and transnational corporations

Scholars often associate the notion of multinational corporations (MNCs) and transnational corporations (TNCs) as being similar concepts that could be used interchangeably to reference a global firm. This is based on the misconception of both terms not having any major difference. However, there is an important difference between multinational and transnational corporations. Transnational corporations were companies that do not have a centralized headquarters in a certain country (Cromwell, n.d.).³ While multinational corporations have a headquarters in a single country, their operations were active in several nations.⁴ A commonality between multinational corporations and transnational corporations were that both entities operate beyond and across national borders. Multinational corporations operate independently from governments, and have no orientations from specific countries while conducting direct business activities, and are known to produce and deliver goods and services to numerous countries. Transnational corporations can plan, control and implement their respective business activities across different nations (Michie, 2003 quoted in Lapko, 2015).⁵ Multinational corporations seek to use skilled workers from developed economies, but have plants in emerging economies. The products that were made in the host (less developed) country are easily transported to developed countries and sold there for a certain value, thus maximising differential labour costs on the one hand, and the consumer buying power in different economies on the other (Lapko, 2015).

³ smallbusiness.chron.com/transnational-borderless-corporation-32954.html

⁴ This study acknowledges the different operationalization of the multinational corporations and transnational corporations, but will be using both terms, sometimes interchangeably.

⁵ www.linkedin.com/pulse/role-transnational-corporations-world-economy-krystsina-lapko

Multinational corporations have begun to be viewed as transnational actors, as they strive to create their own transnational social space with distant actors, rules and patterns of social interactions. This transnational social space does not exist in a stateless vacuum, but is deeply socially embedded in national institutional context with the potential to create new levels of social interactions and relationships (Faist, 2000 quoted in Ailon and Kunda, 2009:695; Morgan, 2001:3; Morgan, 2005 quoted in Ailon and Kunda, 2009:695). Multinational corporations are the key drivers of globalization, as they adopt an increase in economic interdependence among national markets. The ultimate test to determine whether a multinational corporation is a global entity is based on their penetration level of markets across the globe (Rugman and Verbeke, 2004:3).

Transnational corporations (TNCs) are an institutional form of transnational practices, due to their enormous scale of operations. They represent global structures or networks that have disregarded their national identity and established their own operations systems that run concurrently with the world's transnational activities flow (Vertovec, 1999:452). Scholars have raised the idea that there has been an increase in a transitional capitalist class that are establishing a new power elite, whose interests lay globally, in terms of generating capital (Sklair, 1998 quoted in Vertovec, 1999:452). Transnational corporations are enterprises marked by two characteristics: their ability to engage in enough business activities that are outside the country of origin so that dependent financially on operations in two or more countries; its management decisions are made based on regional or global alternatives. TNCs are among the world's biggest economic institutions., as they control or own at least one-quarter of the entire world's productive assets and transnational corporations' total annual sales are comparable to or greater than the yearly gross domestic product (GDP) of most countries (Emmott, 1993). Transnational corporations tend to dominate in industries where output and markets are oligopolistic, or concentrated in the hands of a relatively small number of firms. TNCs based in predominately developed countries operation throughout the globe (Greer and Singh, 2000).⁶

Globalisation

Globalisation is a concept not often defined by a fixed term in a consistent and easy manner. Various literatures offered different definitions of globalisation, but for the purpose of this study globalisation will be defined as a world-wide integration of societal and economic

⁶ www.globalpolicy.org/empire/47068-a-brief-history-of-transnational-corporations.html

activity leading to an increased interdependence between countries and regions. This process is usually characterised by intensification of cross-border trade and capital flows, driven by liberalisation of trade and investment regimes and by advances in information and communication technologies (Gorynia *et al.*, 2004:30).

The notion of connectivity is at the core of globalisation. This implies that there will be an increase of global-spatial proximity, the compression of time and space, and the stretching of social relations across distance (Chan, 2001:106). The globalisation of media firms and products came about when many American media markets became heavily saturated and the global marketplace became more important in generating revenues for media firms and industries. Media products are often created with global audiences, which is why so much media content contains topics that are easily understood across various cultures i.e. sex and violence (Albarran, 2002:299).

The media industry and its related technologies and professions are greatly influenced by the processes of globalisation, while also acting as facilitators of globalisation (Wasserman, 2006:71). Globalisation has impacted countries in the South at a variety of levels, including the areas of media. There have been various debates on the perception of global media industry's homogenised influence on local identities, cultures and ideologies (Chadha and Kavoori, 2005:85). This is driven by recent trends of mass media concentration at the ownership level, deregulation and privatisation of national cultural industries, and new alliances between transnational media corporations and complacent government (Wasserman and Rao, 2008:163). However, such a simplistic assumption of media globalisation being one-way traffic has been replaced by a more nuanced understanding of a multi-directional process (Chadha and Kavoori, 2005:85). Scholars of globalisation are beginning to acknowledge that countries in the South are also providing contraflows against western media domination by developing their own strategies to resist or subvert homogenisation (Sreberny, 2005).

Globalisation has been responsible for major transformations in the structure of the news in the South. Privatisation and deregulation have enabled cross-border flows of capital and technology, opening new ways for media businesses to expand into international markets using output deals, virtual integration, joint ventures, programming sales, and production arrangements. Globalisation has further unsettled past linkages between state and capital, geography and business, the local and global, as international and domestic corporations have realised that both entities are mutually reliant on each other and have decided to partner in

different ways.

Globalisation: The South African context

The end of apartheid era in 1994, saw South Africa “reintroduced into the global community from which it had been previously isolated” (Wasserman and Rao, 2008:168). Foreign multinational companies, such as the “Ireland-based Independent News and Media plc acquired various South African media companies” illustrating the “extent to which South Africa was being reintegrated into the global economy” (Wasserman and Rao, 2008:168). Global transnational companies saw this as an opportunity to circle and operate in the South African market by acquiring local media companies, however, Naspers, and a few local media companies also used this opportunity to transform themselves into transnational companies (Wasserman and Rao, 2008:169). “The media conglomerate Naspers, founded on Afrikaner capital, and which during apartheid, housed newspapers that provided ideological support for minority white regime”, profited “from the democratic transition and South Africa’s re-entry into the world market” (Wasserman and Rao, 2008:169). Naspers were able to become a transnational actor by dispersing some of their shares to Black Economic Empowerment (BBE) businesses and expanding their businesses into the African continent. Naspers furthered acquired majority control over the subsidiary Myriad Investment Holdings (MIH),⁷ to expand its influence in the electronic media sector. Myriad Investment Holdings furthered operated “subscription digital television services and Internet platforms across Africa, China Greece, Cyprus and Thailand.” (Wasserman and Rao, 2008:169)

Theoretical Approach

To ascertain Naspers’ business operations ability to transition towards an e-commerce platform, this study has implemented a political economy approach. Political economy is an interdisciplinary approach that enabled researchers to ask theoretical and empirical questions on how to organize economic life and balance markets against state intervention, while striving towards the notion and constitution of a good society. It is a means of analyzing and

⁷ Myriad International Holdings B.V., through its subsidiaries, provides pay-television services in sub-Saharan Africa. It also engages in e-commerce and other internet, content related protection technology, and print media operations. The company is based in Hoofddorp, the Netherlands. Myriad International Holdings B.V. operates as a subsidiary of MIH Holdings Limited. The company was formed in 1996 when MultiChoice became an international concern. Available

<https://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapId=22355012>

(Accessed on 05.10.2017)

comprehending the overarching reach of capitalism globally (Wasko, Murdock and Sousa, 2011). Political economy thrives to understand the allocation of material resources within societies, by examining the concepts of ownership and control, relations of power, class systems and other structural inequalities (Wasko, 2012:27).

Rationale and Objectives

The relevance of this study is to explore Naspers' business operations transitioning towards an e-commerce platform. This study seeks to understand how a local South African company that had based their operations on heritage media (print and pay television platform) was able to transform themselves into global conglomerate entertainment and e-commerce company. Transformation in this sense, involves Naspers ability to enter into a media platform and dominate the market through diversification and accumulate of enough wealth to penetrate another media platform or market. This study further aims to examine Naspers's as a transnational actor with their own transnational space and practices, transforming the company into global conglomerate e-commerce entity.

The study further examines the coverage of prominent South Africa financial newspapers of Naspers' transition towards an e-commerce multinational conglomerate. This is essential in understanding their views on the key individuals and events that contributed to Naspers transition into an e-commerce platform. It further aims to explore the information that newspapers choose to disseminate to the general public.

Methodology

This study has adopted qualitative research methods as a means of investigating and describing the financial South African press coverage of Naspers' operations transitioning towards an e-commerce platform. Qualitative research is an inquiry process that enables a researcher to "develop a complex, holistic picture, analyses words, reports detailed views of informants, and conducts the study in a natural setting" (Creswell, 2007 quoted in Maree, 2007:259). The purpose of qualitative research is to explore and understand a central phenomenon by asking broad and general questions, as a means of understanding participants' experiences surrounding the phenomenon (Maree, 2007:259). A more comprehensive discussion of the methodology for this thesis will be discussed in chapter four.

The data sample consists of one hundred archival newspaper articles obtained from four purposively selected prominent South African financial newspaper online publications. Peter

Rule and Vaughan John (2011:63) noted that data sources required for a research study are located and gathered through various means for collecting data in its natural setting. This study has selected the following four South African financial newspaper online archives: *Business Day Live*, *Financial Mail (South Africa)*, *Fin24* and *Moneyweb*. The researcher has taken into consideration potential concerns with regards ownership of the data sample conflicting with the objectivity of the data sample and adopted selection criteria during the selection process of the archival newspaper articles as means of obtain a diversity and variety in the data sample. The researcher acknowledges that Naspers owns *Fin24*, but stresses that the other three remaining online newspaper publications (*Business Day Live*, *Financial Mail (South Africa)* and *Moneyweb*) offset this potential problem as they are owned by different entities not affiliated with Naspers. The selection process consisted of determining whether online newspaper publication was aggregated or independent online newspaper publications and whether there was a technological convergence between newspaper's online and print media publication. The selected archival newspaper articles will be selected based on a fixed time-period (25 June 2013 – 25 June 2016). The data sample was purposively selected from the four previously state news agencies collated and catalogued archived newspaper publications with specific purpose of advancing the objectives of the research. Purposive data sampling enables the researcher to obtain full, in-depth and trustworthy account of the phenomenon being researched. The size of the data sample is influenced by the purpose of the study and the resources available (Maree, 2007:79; Rule and John, 2011:63).

The research design of the study will be adopting and implement a contextual analysis of the data sample to draw attention towards the financial online newspaper coverage of Naspers transition towards e-commerce platform. The first part will be an inductive process which will be using content analysis and thematic analysis, in identifying patterns and recurrences of words, phrases and lengthy segments of text, based on the development of codes by using preexisting codes that have been identified prior to the examination of the data. The pre-existing codes would have been already identified and adopted from the concepts discussed in theoretical framework section. The codes or themes that this thesis will be adopting during this inductive coding process are be the following: company, country, ownership control, competition, concentration (horizontal and vertical integration) and spatialization (Maree, 2007: 107). The second part of the coding process will consist of applying discourse analysis on the collected data. Discourse analysis enables researchers to identify 'what' and 'how' is being said in the textual material, moreover, the data set that has been analyzed discursively,

illustrates the importance of the use of language. It is useful in the analysis of large amount of data, as it draws attention to areas that have discourse convergence or divergence, which is fruitful in interpreting data. This is achieved by detecting discourse markers (form of code) in the texts, which assert a certain ideology (Rule and John, 2011:79). This draws attention to the ideological stance of Naspers transition towards an e-commerce platform and how the four news agencies archival publications reporting this transition.

Conclusion (Dissertation Overview)

The study outline is simple. In chapter two explores the various literature take on Naspers transformation from its infancy stage to its current constitution as a multinational conglomerate. It focuses on three historical junctures (pre-apartheid era, transitional and post-apartheid) that illustrates Naspers' ability to generate the necessary capital to venture into new markets and how this leads to their transformation into e-commerce multinational conglomerate. This chapter further explores the challenges that Naspers faced in the early stages of their e-commerce strategy and how they were able to overcome those problems and the chapter further delves into Naspers' status and mindset as a transnational corporation.

In chapter three discusses the theoretical premise of the research. It briefly delves into the importance of the symbiotic relationship of the political and economic aspect in understanding the societal phenomena. It further examines the suitability of political economy of communication as an approach in the analysis of global media companies. It further delves into three concepts of the political economy of communication approach in which the study will be centered upon (corporate concentration, spatialization and globalization).

In chapter four deals with elaborating on the method of analysis for this research. It presents the methods used to identify and the dataset for this thesis. It further explains the process in which the data will be analyzed. Finally, it examines the limitations of the study and justifies why the researcher has chosen the research methodological approach.

Chapters five, six and seven are the main bod of the thesis. It provides a political economy of communication analysis of Naspers transition towards an e-commerce business model. The newspapers provide the researcher a report on how Naspers' were able to transition towards an e-commerce model and how this phenomenon was covered by the newspapers. Chapters five provides an economic sphere analysis and findings by analyzing two sections: the allocative controllers and the economic activities identified in the data. Chapter six indicates a

technological, editorial and ideological analysis and results of the dataset. Chapter seven results identify and highlight the prominent themes that answer the second question of the thesis.

Chapter eight is the conclusion of the study and will provide a wrap-up of the thesis.

Chapter Two

Theoretical Framework

Political Economy as a theoretical rubric

Political economy is a concept that is concerned with the historically constituted frameworks or structures within which political and economic activity takes place. It stands back from the apparent fixity of the present to ask how the existing structures came into being and how they may be changing, or how they may be induced to change. In this sense, political economy is critical theory (Cox, 1995: 32).

Nicholas Graham (2007:227) defined political economy “as the study of how values of all kinds are produced, distributed, exchanged, and consumed (the economic); how power is produced, distributed, exchanged, and exercised (the political); and how these aspects of social life are organised and enacted at any given place and time in history”. Political economy is an interdisciplinary perspective that positions itself against notions of economics and politics, which are regard as autonomous areas of activity and only understood within their respective disciplines. Political economy argues that both the disciplines of economics and politics cannot adequately understand the social world individually, rather relationship between economics and politics must constitute each other (Chandhoke, 1994:15, 17-18).

In contemporary society, political economy critically asks macro-questions of media ownership and control, interlocking directorships and other factors that bring together media industries with political economic and social elites. It focuses on processes of consolidation, diversification, commercialization, internationalization, the financial motive for targeting consumers/audiences, and/or for advertising and the consequences for media content and practices (Boyd-Barrett, 1995:186).

It draws attention to material goods or the allocation of resources and is concerned with humanity's arrangement of its scarce resources with the purpose of satisfying certain needs. A fundamental shift in political economy with regards to focusing on the study of economic issues resulted in changes in the analysis, as it underwent a macro to micro perspective transition that placed the emphasis on individual (group) rather than societal concerns. This required drawing on methods from social science rather than moral philosophy, thus shifting the focus of the discipline of political economy more towards economics. This did not halt the political economy perspective as it has continued in different forms and emphasising certain aspects. The most interesting form of political economy is the institutional political economy, which focused on technological and institutional factors that influence the market. While research into communication studies encompassed institutional analysis, another perspective could be called upon that draws upon radical and critical Marxian political economy, called political economy of communication (Wasko, 2012:26). Political economy is characterised by the following features: it encompasses social change and history of a social object/phenomenon, with regards to the exploration and unearthing of the dynamics of capitalism; the adoption of a social totality or holistic approach in investigating the relationship between commodities, institutions, social relations and hegemony of the state; and further examines the determination among these elements. Political economy also encompasses the use of moral philosophical disposition, by assuming a classical theory of ideology in the analyses of an economic system and discussing the policy problems and moral issues which may arise. A crucial element of political economy is the adoption of praxis in attempting to interconnecting political economist attempts to move beyond their confinement of research and policy by moving towards actual social change and practice (Wasko, 2012:26-27). This was exemplified by Karl Marx (1845) stated the following: "Philosophers have sought to understand the system, the point is to change it."

Political economy tends to give considerable attention to describing and analysing capitalism's ability to turn resources, such as information, into marketable commodities capable of generating revenue for companies, in this case media companies. Political economy sees capitalist societies as being organized in accordance with a dominant mode of production that structures institutions and practices, based on the logic of commodification and capital accumulation. Cultural production and distribution are structured in a profit and market-orientated in such a system. Forces of production, such as media technologies and creative practices, are shaped by dominant relations of production. Basically, Political economy is a useful approach in describing the infrastructure of the media, information and communication

industry and their effects on culture and society (Durham and Kellner, 2009: xxix). This was substantiated by Alessandro D'Arma (2011:672) stressing that critical political economy perspective core concern is on the influence of media owners on journalism industry and the exercise of political power through ownership of mass media ownership.

Political economy research has demonstrated that contemporary media systems are a result of deeply contested histories not only involving conflict between capitalist and their allies in the government; but also labour unions, citizen groups, consumer cooperatives, religious enthusiasts and social justice organizations. Political economy investigation into media concentration has highlighted the ways businesses could be defeated by those calling for more democratic communication and press for a singular commercial form of media through cross-ownership or purchase of multiple media located in a single community or region (Mosco, 2008:49-50).

Political economy is essential, in contemporary society, in understanding the significant developments that have taken place in contemporary media and communications. The overreaching extension of capitalism globally has it transform itself into a generalized phenomenon with globalization of markets now a central theme. The universal belief that cultural or creative industries no longer occupy a peripheral space, rather they have become central in the economy (Fourie, 2007:136; Wasko, 2011:2). Robert McChesney (2000) stated that global media, to generating profits, strives to ensure that the global political and economic environment remain conducive to free movement of cultural commodities, as a means of securing the largest audience for cheap homogenous cultural products.

Janet Wasko and Eileen R. Meehan (2013:153) noted the various criticisms from scholars in other disciplines, who claimed that political economy predominately focuses on a large level operations of media industries are too reliant on economic determinism and reductionism, and tend to ignore the role of news production and human agency, or to provide analyses that is complexity and contradictory. Wasko and Meehan's rebuttal was that political economy focuses and provides analysis of a wide range of media industries and different levels of analysis. They strongly rejected the accusations of political economy equating everything to economic relations, thus, falling into the realm of Marxism. However, economic reductionism, while untenable, does not mean economics should be ignored. The entertainment-information markets are dominated by private corporations that are trying to earn profits through various means, but are governed by economic and political factors to achieve their goals. Moreover,

political economy focuses on a wide range of complexities within the media industry, in terms of media corporations, markets and the people whose collective labour creates media artefacts, renders the assertion of explanatory power of economic reductionism inefficient and inadequate.

Further criticism of political economy explores its ignorance of the media industry's issues in relation to workers and labour. Since its emergence, political economy has been steadily understanding the role of labour in the media. The tendency has been to focus on workers' struggles with a wide range of studies have addressed media work and labour organizations in media business (Wasko and Meehan, 2013:153). This has seen political economy further recognizes and incorporate other aspects that had been negligent, in terms of people's struggles to influence the media. For instance, Robert McChesney's (1993) studies have focused on the struggles of the media to reflect a broad range of public interests at the national level, while Proffitt et al (2009:318-336) explored the tensions between media reform agendas and articulated at that level and the concerns and media practices of grassroots reformers.

William Roseberry's (1988:162) criticism of political economy is that while collaborating with other disciplines, political economy tends to amalgamate other disciplines ideology into their train of thought without a space of comprise, thus labelled and identified as political economist. This ascribed label is deemed problematic as it imposes uniformity or boundedness upon a heterogeneous set of scholarly and political concerns. His primary concern lay with political economy forcing its history of economic thought onto his respective field of research (anthropology), in terms of its identification with classical political economy and its subsequent assumptions and conclusions.

Nicholas Garnham's discussion with Christian Fuchs (2014:115), with regards to the conflict and different views between political economy and cultural studies, propositioned that cultural studies had inadvertently rendered its conflict with political economy irrelevant, through their own making and favourable towards. Cultural studies investigation into issues in contemporary society have an underlining relation with economics. Moreover, analysis and concerns with the global economy are more interested in issues favouring economics more than the individual.

For this study, political economy is an essential approach as it requires the researcher to investigate the social phenomenon of Naspers' business operations shifting towards an e-commerce platform, thorough a lens that examines economic and political factors.

Political Economy of Communication

Political economy of communication provides insight into the elements that shape the way humanity communicates. It is an approach that tries to understand the political economy of the evolving information and communication sector by attempting to uncover the realities of a specified situation, in terms of the players, their activities and environments, and their motives and effects. Political economy of communication interests are social processes rather than structures and institutions (Mosco, 1996). Political economy of communication focuses on the conversion of the media, information and audience into commodified resources and charts the ways in which they are packaged into products to be sold. It further draws attention to capitalist systems' tendency to convert their natural resources into marketable commodities that can earn a profit for those who invest in the capital system (Mosco, 2008:52).

Nicholas Garnham (2009:202) argued that political economy of communication was a replacement of political economy of culture in the analysis of the wider process of cultural production and reproduction. This stemmed from the changes in the structure of contemporary capitalism, as they affected the relationship between culture industry and the state. The early foundations of political economy of communication began when Dallas Smythe (1960), a Canadian economist from the 1950s, argued for the consideration and importance of communication in understanding economic activity. During the 1940s and 1950s, academic study of communication had not embraced economics and communication scholars paid little attention to the economic context in which media are produced, while primarily focusing on individual effects and psychologically-oriented research. When Smythe (1960) presented a political economy of communication in the 1960s, he defined it as an approach that studied the interrelation and mutual influence of political policies and economic processes on social institutions. Its purpose was to evaluate the effects of communication agencies in terms of the policies which constitute their organization and operationalization.

In the 1970s, political economy of communication would be refined into a more explicit definition by Graham Murdock and Peter Golding (1974:205-206), who expressed their formulation of political economy of communication as viewing mass media as an industrial and commercial organization that produces and distributes commodities. Chiefly, political economy of communication was interested in studying communication and media as commodities produced by capitalist industries. Murdock and Golding had also established a basic model of political economy of communication by focusing on specific areas of interests

of media institutions, like consolidation, concentration (integration and diversification), and internationalization, thus establishing a conceptual map for political economic analysis of the media (Wasko, 2012:28).

Philip Graham (1979:123) would further enhance political economy of communication by incorporating ideas from the Frankfurt School, stating that political economy of communication involves analysing capitalist societies' modes of cultural production and consumption developed. He explained that media must be seen "first as economic entities with both a direct economic role as creators of surplus value through commodity production and exchange and an indirect role, through advertising, in the creation of surplus value within other sectors of commodity production." (Graham, 1979:132)

While the political economy of communication continued its growth and development, numerous debates began to surface with one of the most interesting being called 'the Blindspot Debate'. This debate was initiated by Dallas Smythe, who argued that political economy of communication had overlooked an issue, which had been noted by Western Marxist, of the media's ability to commodify and sell their audiences to advertisers; thus, audiences' exposure to advertising should be considered labour which added value to audience commodity. Smythe's critique prompted a series of responses from various scholars who argued that audience commodity was limited to advertising-dependent media and the dismissal of programming content was too drastic. But, with the increasing spread of privatized audience-supported media, audience commodity has become accepted by various political economists (Wasko, 2012:29).

From the 1990s to the early 2000s, political economy of communication would undergo a refinement to incorporate the global political and restructuring of the time-period. Political economy of communication would incorporate broader terms of commodification, spatialization and structuration. Political economists, like Vincent Mosco (1994 quoted Wasko, 2012:30), argued that political economy of communication should embrace the ideological thoughts of other disciplines, such as cultural and policy studies, by stressing that political economy is one entry point into the study of communications, thus must be studied within a wider social totality. This would also involve an increase in the different distinctions of political economy of communication. The variety of political economy of communication perspectives would enable the approach to explore geographical, social, institutional and ideological concerns,

attempt to decentre the media and place more emphasis on capital, class, contradiction, conflict and oppositional struggles (Wasko, 2012:30).

Initially, Vincent Mosco (1996) had stressed that there was three entry points for the application of political economy of communication: commodification (the process of taking goods and services and transforming them into commodities for sale), spatialization (the process of overcoming space and time limitations in social life), and structuration (the process of analysing structures by incorporating ideas of agency, social process and social practices). Mosco (1996:140-141) viewed commodification as the first initial process of rethinking the political economy approach, as it was a process that describes the means capitalism carries out its objective of accumulating wealth or recognizing the value through the transformation of use values (a commodity whose value derives from human utilitarian and satisfactory need) into exchange values (a commodity whose values is based on what it can command on exchange).

The relationship between commodification and political economy of communication is evident in the impact both communication and commodification processes have on each other. In terms of technological innovations within the communication sector enhance the general processes of commodification in the economy and commodification processes being able to penetrate communication processes and institutions (Mosco, 1996:142).

Commodification focuses on production processes of capitalist purchase of commodities labour power and means of power. Political economy of communication approach has gained a better understanding of the commodification process by its emphasis on describing and examining the structural forms responsible for the production, distribution and exchange of communication commodities, as well as, the regulation of these structures by the state. It further focusses on the corporate and state structures and institutions, without neglecting their product and the process of commodification. Political economist of communication has tended to significantly concentrate and envision the significant form of commodities being predominately media content, based on media content being easily transformed into marketable products to be sold and by extension the symbols and images used to construct the meaning of the product for consumption. Even though the political economy of communication approach has placed a lesser value to media audiences compared to media content during the commodification process, media audiences are viewed as being valuable to media companies to be sold to advertisers. The importance of media content and audience is notable in the examination of global media companies and the growth in the value of media content, due to

tight network of transnational companies being able to create media products with multiple effect embodied. This is proceeded by the transnational companies selling their “valuable costumers” to advertisement companies (Mosco, 1996:145-149). This highlights a potential reason for Naspers’ to shift their business model towards e-commerce based on its ability to generate large number of media content, into marketable commodity, ready to be sold to a large online consumer based, before they are also sold to various online advertisers.

The process of structuration provides an invaluable and pertinent function by bridging and combining the theoretical perspectives that foreground structure and the practicality associated with action and agency. Structuration is a process that is based on the work of Anthony Giddens (1984) who proposed that structure should be viewed as including constraining rules and enabling resources. Giddens proposed that structure and action enjoyed a cyclical relationship, in terms of structure being constructed by action and reproduced by it and are interconnected to each other in the ongoing patterning of social life. Giddens would describe structuration as the following: “a process by which structure are constituted out of human agency, even as they provide the very ‘medium’ of that constitution.” (Mosco, 1996:212).

Structuration is characterised by importance it places on social change process by describing how structures are produced and reproduced by human agency who also act through the medium of these structures. Political economist viewed the structuration process that provides equilibrium in the analysis of transnational media companies with notions of agency, social relation, social processes and social practice (Mosco, 1996:213). Structuration is an approach that aims to address goal-oriented, reflexive human action, without giving up on understanding the interconnective weave of power that mutually constitutes social action. Political economy’s methodological approach to the notion of power has been based on its substantial contribution to social research, in relation to communication process with a sustained analysis of the commodities, institutions, practices, and consequences that compromise the production of distribution, and the use of power. This is evident in political economy’s concepts and methodologies that focus on a macro-analysis of power, with regards to analysing how multinational media companies (i.e. Naspers) can accumulate power through mergers, acquisition and labour practices to achieve their goal of expanding their production of media and information commodities and influencing the government regulatory policies (Mosco, 1996:213-214).

These concepts were pertinent to the enquiries across the entire range of media activities and potential addresses, in one holistic model, the entire cycle from production to reception. Janet Wasko (2005:32-34) described various concepts and levels of analysis of media as a commodity and the industry, that are prevalent in contemporary media industry. The diversification process explores media companies' ability to seeking new avenues of business, as their company continued to grow. The diversification process was further categorized into two other categories: horizontal and vertical integration. Horizontal integration explores companies that have used their expansion and growth of revenue to acquire more companies that are in the same line of business. Vertical integration involves companies their range of businesses by acquiring companies in the same apply chain or different stages of production. Market concentration involves political economy of communication approach exploring the competitiveness of various media markets, to gauge the level of competitiveness being existent or replaced by hegemony. The above concepts and categories are pertinent to the study of Naspers, and will be used in the analysis of the forthcoming chapters. They will be used to analyse several online archival newspapers coverage on Naspers' from four prominent South African financial online publication to investigate the transformation of Naspers business operations towards an over-reliance of e-commerce platform. These concepts are useful in draw attention to Naspers' partnerships and ownership of various local and international companies, and the competitiveness of the various companies that are affiliated with Naspers' business structure.

Political economy of communication has focused substantially on the evolution of mass communication as commodities that are produced and distributed by profit-seeking organizations. This trend has expanded and intensified to sectors outside traditional media industries, such as industrial divisions and into new converged businesses (Murdock and Golding (1974, n.d.) and focused on the rapid rise of marketization with communication and information becoming key components in this process, and significantly developing into its own industries as well. Public media institutions have become privatized and opening additional markets for growing transnational media and entertainment conglomerates. New communication and information systems, such as the Internet, are developing commercialized spaces, resulting in an ever-expanding consumer culture reliant on the commercialization process (Wasko, 2012:32-36).

Political economy of communication research has demonstrated that contemporary media systems are a result of deeply contested history not only involving conflict between capitalist and their allies in the government, but also labour unions, citizen groups, consumer cooperatives, religious enthusiasts and social justice organizations (Mosco, 2008:49). Political economy of communication has been advocating for a model that incorporates a feminist standpoint theory, which maintains that social science needs to be practiced and society understood from the viewpoint of women's (Mosco, 2008:52). Vincent Mosco (2008:51-52) brought to the fore historical research in the political economy of communication beginning to emphasize resistance on the nominal story of the powerful dominate. The emphasis on resistance is increasingly generalized in contemporary political economy central standpoint of focusing on capital, dominant corporations and elites. Rather, there has been a gradual shift that draws on alternative theories from the feminist and labour research. This signified a departure from political economy focus on media concentration and the erosion of content diversity. Mosco argued that political economy of communication should be advocating for a model that incorporates a feminist standpoint theory, which maintains that social science needs to be practiced and society understood from the viewpoint of women's (Mosco, 2008:52).

Robert McChesney (2008:10), incorporating Vincent Mosco (1996) teachings, noted that political economy of communication required two dimensions of analysis. Firstly, it addresses the nature of the relationship between media and communication systems (micro level of analysis) and broader social structures of society (macro level of analysis). Basically, it examines how media and communication systems and content reinforce, challenge or influence existing class and social relations. This is achieved by focusing on how economic factors influence on politics and social relations. Secondly, political economy of communication specifically explores how ownership, support mechanisms and government policies influence media behaviour and content. This line of inquiry draws attention to structural factors and labour processes in the production, distribution and consumption of communication. While political economy of communication cannot provide a thorough explanation of all communication activities, it can provide explanations to certain issues extremely well and a necessary context for other research questions in communication. Political economy of communication is primarily concerned with examining capitalist societies and commercial media system, as these models are part of contemporary society and dominate the entire world (Mosco, 1996 in McChesney, 2008:10)

The combination of these two dimensions enables political economy of communication to be distinguishable from other variants of communication and cultural studies. Cultural studies focused on the relationship between media text and its audience, in terms of existing class and social relations, while not concentrating enough on broader relations between economics and politics. Media economics provides microanalysis of media firms and markets operationalisations, but, like mainstream economic studies, it assumes the existing social and class relations are already existent and given. Communication policy studies examine the influence of government policies on media performance, however, it generally presupposes the necessary existence of the market and the broader social situation as the best of all possible worlds (McChesney, 2008:10).

While the debates between political economy of communication and cultural studies are still on going, both disciplines collaborate a great deal with each by integrating their respective approaches, thus creating a possible and dynamic direction for the future development of political economy of communication. Many researchers that identify with political economy of communication have also integrated other approaches and disciplines with interesting and important results. Various studies have recently integrated feminism, race, ethnicity, audience reception and anthropology with political economy of communication to address various aspect of media and communication. Thus, illustrating the dynamism and inclination of political economy of communication to integrate itself with other approaches as a means of redefining itself with the technological, political and societal changes of the time, rather than remain static and stuck in its ways. However, what is still pertinent is that political economy of communication will still maintain their essence of examining the relations of power that are involved in the production, distribution and consumption of media and communication resources within wider social context (Wasko, 2012:43-44).

Broad sweep of what has been presented in chapter two.

This section is simply a small generalised examination of Naspers. An extensive and more expanded exploration of Naspers's historical business operations will be discussed on the literature review chapter. From 1915 to present time (2017) Naspers has dominated Afrikaans print media, newspapers specifically with sharing market with Caxton for magazines. Through a series of takeovers and expansions, Naspers effectively cannibalized most of Afrikaans newspaper producers and distributors (taking over Vaderland, Afrikaansepers etc.) In the 1990s the print side of the business expanded to Greenfields projects, establishing tabloid newspapers that penetrated new markets among less literate readers. Initially Naspers kept to its core ideological mandate of providing for Afrikaans readers – although now ‘across the colour line’ into the so-called Coloured and later Black audiences and readerships – but later pushed the boundaries even further into the English-language market.

1980s saw Naspers move into the space of audio-visual – specifically pay television in the form of M-Net. Chapter three will outline the manner in which M-Net – later DSTV – has used every opportunity of technological advancement to expand its geographic and content footprint. This is not a technologically-determinant argument; rather it is an illustration of the way in which technology has been harnessed to the economic, ideological and political aims of the larger corporation.

Thus, we see a news corporation that has not been afraid to move from its traditional heritage media and original ideological position into new grounds technologically, ideologically and financially. It comes as no surprise, then, that Naspers has moved into the digital space with a vehemence.

The digital age (or called the information age) was an era that begun in the 1970s, whereby the introduction of personal computers and its subsequent technological machinations created the means to transfer information 'freely and quickly' The digital age is characterised as firstly, undergone a technological transformation based on the digitization of communication, computer networking, advanced software, the diffusion of enhanced broadband transmission capacity, and ubiquitous local/global communication via wireless networks and increased Internet accessibility. Secondly, the definition of sender(s) and receiver (2) has changed and in now refers to the organizational and institutional structure of communication, particularly of societal communications. Where the sender(s) are the media and receiver(s) are the audience, who are identified as consumers of media. This realm has further undergone fundamental transformation in the past two decades, in terms of widespread commercialization of the media globally; globalization and concentration of media business through conglomeration and networking; the segmentation, customization, and diversification of media markets, with emphasis on the cultural identification of the audience; the formation of multimedia business groups that reach out to all forms of communication. I.e. the Internet; and an increase in business convergence between telecommunication companies, computer companies, Internet companies, and media companies. (Castells, 2009:55).

Thirdly, the cultural dimension of the process of a multi-layered transformation of communication can be grasped at the intersection between two pairs of contradictory trends. The development of the global culture patterns and multiple identity cultures; and the simultaneous rise of individualism and communalism as two opposing forces, but are equally powerful cultural patterns that characterize our world (Norris. 2000; Castells, 2004; Baker, 2005; Rantanen, 2005 quoted in Castells, 2009:56). The ability or inability to create protocols of communication between these contradictory cultural frames, defines the possibility of communication or miscommunication between the subjects of diverse communication processes (Castells, 2009:56)

The formation of the global multimedia business networks was made possible by public policies and institutional changes characterized by liberalization, privatization, regulated deregulation, nationally and internationally. The growing influence of corporations in the media, information, and communication industries over the public regulatory institutions may shape the communication revolution in the service of business interests. The influence of the advertising industry over media business, in transforming people into measurable audience tends to subordinate cultural innovation or entertainment pleasure to commercial consumerism (Castells, 2009:57).

Naspers historically has characterized several communication frameworks. The first communication framework Naspers penetrated was the print sector. Print media or print communication framework, is the means of mass communication in the form of printed publication, such as newspapers, magazines, books, leaflets, etc. Print is classified into two categories: commercial and periodicals. Commercial printing refers to print products that are produced occasionally, such as catalogues, brochures, leaflets, etc. Periodicals printing are printed products that appear periodically (e.g. newspapers, journals, magazines). Publishing houses and companies are the typical clientele for periodicals printing (Kipphan, 2001:4). Initially, Naspers established their print media publications for the purpose of advocating (ideologically and economically) Afrikaner nationalism. However, economic interests were the driving force for Naspers' decision to expand and dominate their Afrikaner print media business, eventually limiting their main competitor (Perskor).

In terms of radio, Naspers never entered the radio age because of the tight legislation around the state-monopoly of broadcasting. Naspers was only able to enter the broadcasting, or television communication framework, sector in South Africa in the 1980s, as the broadcasting sector was exclusively under the control of the South African Broadcasting Corporation (SABC), who were owned by the apartheid regime. Naspers established their commercial subscription television channel, called M-Net, in the late 1980s (Horwitz, 2001:124; Wasserman and de Beer, 2006:50). In 1995, Naspers' subsidiary company MultiChoice introduced as a digital satellite television network, called DStv that provided satellite bouquets to more fifty countries, dominating the African markets (Jacobs, 2004:140; MultiChoice, 2005; Teer-Tomaselli, 2005 quoted in Wasserman, 2009:71).

Digital media consist of the process of converting content into digital format that a computer can read and transmit over the Internet or computer networks. This can include text, audio, video, and graphics. This means that content from various communication platforms (e.g. radio, newspaper, magazine, television, etc.) are presented on a digital platform (Websites, blogs, etc.) (Definition of Digital Media, 2011). Naspers initial foray into digital media occurred in the late 1990s, with the introduction of their Afrikaans newspaper (*Beeld*) Website, called *eBeeld* (www.ebeeld.com). From there Naspers has grown their Internet-based business to extent that it has shape their identity as a company.

Concepts within Political Economy of Communication pertinent for study

The following concepts are perspectives within the political economy of communication that will be used to analysis the social phenomenon of Naspers transition towards an e-commerce business platform.

Spatialization

It is process that negates the constraints of space and time in social life (Mosco, 1996:173). The political economy of communication perspective views spatialization as constraints of multinational media companies on the movement or flow of information, goods and services, and the effects of communication on the processes of differentiation of corporate operations and their subsequent reintegration (O'Brien, 1998:6). Spatialization holds a special significance for the political economist of communication because communication process and technological innovations are central to the spatialization process and subsequently positioning spatialization to have greater importance in the various communication industries. This process is essential for this study in understanding Naspers, a multinational global company, incorporated a technological innovation that enabled companies to engage in business transactions globally (e-commerce), to encompass much of their business operations.

Paul Channing Adams (1995:267-268) noted that spatialization draw upon the concept of personal extensibility in its potential to measure, the ability of multinational groups in overcoming the friction of distance through transportation or communication. Anthony Giddens (1990:20; 1996:91) viewed the dissolution of the restraints of time and space in contemporary society, had enabled multinational to connect their business enterprises' locally and globally. This further pertained the scope of sensory access and knowledge acquisition and dispersion, as technological innovations in transportation and communication have reduced multinational companies' business activity and operations time in distant places, and have produced time-space convergence. These can change significantly affect economic, political and cultural life (Adams, 1995:267-268). Thus, drawing a closer attention to the various business enterprises Naspers' owns and is affiliated with, as a means of comprehending the company's shift towards an e-commerce platform.

Spatialization encompasses many forms, such as "multinational corporations" creating their own "networks, joint ventures, and transnational investments" (Brady and Wallace, 2000:73). Multinational corporations' primary objectives in adopting and implementing spatialization are to enhance "the capitalist class capacities and mature system of flexible accumulation" (Brady and Wallace, 2000:73). The enhancement of class capacities of capitalist occurs when allocative controllers of "multinational corporations strengthen their control and power" over labour "while decentralizing production". This is known as concentration without production (Harrison, 1994:8 quoted in Brady and Wallace, 2000:73). Spatialization has various tendencies to accelerate towards globalization and undermine the basis of empowering workers creating a "spatially disperse, yet globally integrated organization of economic activity" (Sassen, 1991:3 quoted in Brady and Wallace, 2000:73).

David Brady and Michael Wallace (2000:72) further expressed that spatialization process enabled employers' "optimal spatial arrangement of their business operations to simultaneously maintain the desired proximity" to labour "markets, natural resources and raw materials and consumer markets". Essentially, without the constraints of spatial distance in the day-to-day media firm's operations, media firms were able to adopt spatial relocation to threaten and control their employees. This provided a potential insight into how Naspers' uses their human resources, with regards to hiring, firing and reallocation, in assisting their transformation towards an e-commerce business platform. For example, Naspers' allocation of human resources of their M-Net business operations throughout the African continent are reliant on individuals from the main headquarters of Naspers' integrated with local expertise.

Brady and Wallace (2000:73) linked spatialization, in relation to globalization, with the rise of technocratic control systems that positioned managers "as technicians, and experts" and enabled them "to manipulate technology, information and knowledge". Technocratic control is an important means to "facilitate the control and oversight of" labour over "great distances" (Brady and Wallace, 2000:73). Spatialization and technocratic control fosters a mature system of flexible accumulation and labour processes, provides new advantages to for businesses to overcome "rigid Fordist, bureaucratic regime by creating wage, employment and functional flexibility." (Wood, 1989; Rosenberg, 1991 quoted in Brady and Wallace, 2000:72-73) This is shown throughout Naspers' globally business enterprises and will be further discussed in this study's subsequent chapters.

The use of the term spatialization incorporates concepts and arguments from social scientists that are interested in the global political economy, specifically in communication. With regards to spatialization process of negating space and time, Anthony Giddens (1984) coined a term, called time-space distanciation, to examine how time and space have diminished as controlling influences in the world and become a flexible resource. Thus, Giddens surmised this notion based on the ability of monetary transaction being disembedded mechanism that can operate without the necessity of time and space. This would be further highlighted by Georg Simmel's (1900) characterization of money, with regards to its spatial implications:

the role of money is associated with spatial distance between the individual and his possession...Only if the profit of an enterprise takes a form that can be easily transferred to any other place does it guarantee to property and the owner, through their spatial separation, a high degree of independence or, in the other words, self-mobility...The power of money to bridge distances enables the owner and his possessions to exist so far apart that each of them may follow their own precepts to greater extent than in the period when the owner and his possessions still stood in a direct mutual relationship, when every economy engagement was also a personal one. (Simmel, 1900:332-333)

The degree of conceptual distance between time and space allows for, and is facilitated by, a set of pertinent cultural variants. Low cultural levels of time-space distancing stresses that there is little conceptual separation between time and space, as they are tightly bound and perceived as everyday experience. High levels of time-space distancing, conceptually separation between time and space is greater, as time and space are considered separate and unrelated entities. Thus, time-space distancing influences various aspects of daily life and is connected to social, technological and economic structures (Palisky et al., 2016: 87-88).

Political economy of communication chiefly views spatialization in terms of the institutional extension of corporate power in the communication industry. This is manifested in the sheer growth of various elements of corporate concentration (Mosco, 1996: 175). Rory O'Brien (1998:6) noted that corporate concentration is nominally divided into horizontal and vertical integration. Horizontal integration occurs when a media enterprise acquires majority shares of another company that is not a direct competitor or even outside the scope of the companies' field of interest. Vertical integration takes place when a company seeks to extend and acquire more control within their line of business, as a means of gaining competitive advantage.

Concentration, Ownership and Control

Media concentration involves the increasing control and influence of a very few global multinational companies, through the mechanisms of mergers and take-overs. This reduces their vulnerability to the fluctuations in the supply and cost of essential materials and services and enables it to regulate and rationalize production more precisely and increase its control over the market. Overall result of both (horizontal and vertical) integration processes was to consolidate the control of the dominant and leading companies within the media sector

(Murdock and Golding, 1973:213-214).

Sylvia M. Chan-Olmsted and Bye-Hee Chang stated that diversification had a rich tradition of being a topic of research since the late 1950s. Chan-Olmsted and Chang (2009:215) used the works of Booz, Allen and Hamilton (1985) to define “diversification as a means of spreading the base of business to achieve improved growth and/or reduce overall risk that may take the form of investment that address new projects, services, customers segments, or geographic markets.”

Werner A. Meier and Josef Trappel (1998:41) noted that the various forms of media concentration consisted of horizontal concentration, vertical concentration and cross-media concentration. Horizontal concentration, or (monomedia concentration) consisted of concentration within one and the same media industry, as ownership occurs across several different media platforms, but at the same level of the supply chain. Horizontal concentration provides media firms an alternative option from the rigours of competition, creates highly profitable dominant corporations as the control of a substantial share of the market usually leads to oligopolistic profits. Vertical concentration referred to activities of a given media enterprise seeking or exercising their control over all or certain steps of the production and distribution of a given media. Vertical concentration (integration) allows greater market autonomy by simplifying long-range planning processes and legal contracting. Vertical integrated firm has the advantage of reduced competition and market lead over their competition. Cross media concentration, or multimedia concentration simply involved a media firms having control, through cross-ownership, of various media products or outlets in different media markets and industries. Multimedia concentration enables media firms to take advantage of cross marketing opportunities through different types of integration (vertical, horizontal or diagonal). Gillian Doyle (2002:13) further inferred that there was another form of media concentration, called diagonal concentration. Diagonal concentration or lateral expansion enables media firms to expand their business without risks and helps protect companies from volatile conditions or events in one sector, by equalising risks through involvement in another sector.

Vertical and horizontal integration indicates spatialization at an industry level, while internationalization occurs at the governmental level. Vincent Mosco (2009:15) explained this as internationalization "links the state to other states thereby shifting economic and political authority to regional authorities that bring together several countries in one geographical area." In essence, it brings into greater focus the role played by the geographical and socio-economic position of the various locations of Naspers' business operations with regards to Naspers transitioning towards an e-commerce business operation.

While horizontal and vertical integration are implementation of a multinational business operations to gain greater influence in the communication industry, the concept of diversification could be the concept that dictates the business activities of multinational companies, such as Naspers. Diversification explores Naspers' ability to increasingly diversify their interest and acquire shares in a range of leisure, and information-providing facilities and while hedging their bets and cushion any effects of recession in the communication sector. Diversification enables media companies to capitalize on a commodity or service success in one sector by marketing spin-offs or variants in several other sectors. Subsequently, diversified activities are becoming increasingly important and are accounting, for some media companies, a substantial amount of their annual turnover. Basically, this concept is enabling media companies to become more intermeshed through joint investments, reciprocal shareholdings and interlocked directorships, creating an immensely complex pattern (Murdock and Golding, 1973:219-221). This concept is pertinent in comprehending in understanding Naspers decision to engage in e-commerce global market and the following business activities that stem from their interest in the e-commerce market.

Corporate concentration highlights media companies' desire to accumulate profits and reduce risks, through the arrangement of mergers and acquisitions, has led to an oligopolization of the industry globally. Edward Herman and Robert McChesney (1997:104), having traced the rise of oligopoly in the media sector, found that the global media was dominated by a small number of vertically integrated media conglomerates based in the Western first world countries, while the rest of firms were operated on the periphery. Media companies operating in the oligopolistic markets have had to deal with serious barriers to entry.

Internationalization is an aspect of media concentration that embraces export and foreign investment and ownership. It involves overseas investment by media companies, to accumulate revenue and capital. It further tries to consolidate the necessary commercial constraints on cultural production. As a response to domestic economic pressures involvement in the global market and inevitable development of media industrialization (Murdock and Golding, 1973:221-223).

Graham Murdock and Peter Golding (1973:223) explained that to avoid the implications of these structural processes, two common inferences must be avoided. Firstly, tendency to condemn the monopoly and concentration without providing sufficient reasoning. Secondly, provide anecdotal accounts of isolated incidents of suppression or manipulation. It is far more relevant to establish a general and systematic constraints of information and leisure provisions that have resulted from the necessities of survival and profitability provided by the industries.

Media companies are categorised into three ownership groups, commercial, private or non-profit and public media companies. While, media firms are categorised into different groups, the economics and financing of media companies are still based on the foundation upon which all media activity takes places. Regardless of the cultural, political and social roles and expectations of media firms, media companies must still cover their costs and generate revenue streams, just like any other business. The forces that require effective operation are the same for commercial, private or non-commercial and public media firms (Picard, 2011: viii).

The concept of ownership and control in media has been debated and researched in a variety of ways with various disciplines focusing on different issues. Microeconomics scholars (Mastrini and Becerra, 2008; Sussman, 2008 in Downing, 2011:140) focused on corporate ownership and control. Originally, the notion of ownership and control was based on the work of Adolf A. Berle and Gardiner Means (1932), who stressed that control of firms was centralised at the executive level rather than the legally defined owners. However, this concept was criticised by for being too flimsy and not considered the actual ascendancy of power blocs among shareholders (Downing, 2011:140). This debate sought to highlight the issue of ownership and control centred on defining the terms of ownership and control.

Dennis Leech and John Leahy (1991:1418) defined control “as the power to exercise discretion over major making, including specifically the choice of directors.” Along similar lines, Graham Murdock (1982) decided to put forward his terms of ownership and control. Murdock separated ‘economic’ from ‘legal’ ownership (the power differential between of a member of an effective

power bloc of share owners, as opposed to be a mass of petty shareholders). He further distinguished between allocative (control over a corporate policy) and operational (control of its day-to-day operations) control. Allocative control is a macro-level control of a media firm, that revolves around large-scale, economic and business decisions, as various company activities and operations are decided upon by boards of owners. Editorial control is a micro-level control of a media firm that focuses on managerial aspect of a media firm, in terms of the day-to-day operations of the content. This aspect delves into the professional journalist, editors, who are working under within the limits set by a media firm with regards to editorial policy.

An underlying argument of ownership and control is the belief that ownership ultimately determines the nature of media, the contents of the media are always reflected in the interests of those who finance them i.e. owners, advertisers, consumers, governments and subsidy givers (Altschull, 1984 in McQuail, 2000:198).

Essentially, Naspers are global multinational company that is heavily integrated horizontally in the national context, horizontally integrated in the international context. Nevertheless, horizontally there is a fair degree on autonomous operation that doesn't 'bleed' across different companies; thus, the limits of horizontal integration will also be explored in ensuing chapters.

Globalization

Globalization is a concept that has been hotly contested and conveniently vague, taking on many meanings from connotations of the global village through the rule of transnational corporations, to neo-colonialism (Sumner, 2008:30). Corporate globalization consists of a code of values that are centred on promoting money accumulation first and foremost, these structures and processes interweave to produce corporate globalization. Thus, implying that Naspers has adopted a code of values that permeates throughout their business enterprises and engagements, shaping how the company conducts their e-commerce platform in the pursuit of monetary wealth. Every aspect of human and environmental life becomes subject to a scrutiny of this code of values, including trade agreements, war, or other forms of coercion all aspects of life removed from public protection and privatized, packaged and sold for profit. The trajectory of this code of values renders it frightening, as all aspects of the private and public domain will be turned into strategy for private capital accumulation (Sumner, 2008:31).

Vincent Mosco (1996:205-206) stated that the relevance of globalization with regards to the specific form and process of spatialization that permeates in contemporary society. He further discussed that political economist views of globalization as a spatial agglomeration of capital, led by transnational business that transforms their respective space consisting of flow of resources and commodities, including communication and information. Thus, transforming the geography of communication and information that accentuates certain locations and the relationship among them. For example, the communication industry holds New York City (specifically the areas in Manhattan that houses the financial, communication and entertainment business enterprises) in the high esteem, based on their extensive and high-quality communication sector, compared to other local and international locations, except Tokyo. Mosco further highlighted locations, like New York City, have become primary axes or central nodes that employed communication and information technologies to expand their range of locations enabling people to link up with direct access to multiple forms of communication technologies, and the individuals and organizations that held power to constitute the networks of power (Sassen, 1991, quoted in Mosco, 1996:). This draws to attention the location of Naspers business enterprises and activities within the global position of the communication, and information central nodes and how this potentially played a role in Naspers' decision to transition towards e-commerce business model.

The mythology of globalization being founded on a reductionist view spatialization was based on spatial transformation, which saw the redrawing of the global map, by considered the space of information flows, has led to political economist disregarding other related processes. This contradictory nature of globalization, has seen the tendency of political economist to treat contemporary society as a distinct set of relations among the advanced societies alone rather than as a set of hierarchical political economic and cultural relations across all nations. This has come about because of capitalist core having greater power over the global political economy, but it cannot negate issues of class, imperialism and nation in their various forms. Basically, the redrawing of the global map, while considered space of information flows, also considers the resurgence of nationalism based on the emergence of new nations. While, media companies' have an important role in building nationhood, through nationhood developed for national media, telecommunication and information systems.

Responding to what they saw as an uneven and asymmetrical information from wealthy to poorer countries in the 'global north' and the 'global south', some political economists' under the leadership of The United Nations Educational, Scientific and Cultural Organization's (UNESCO) Sean O'Brien viewed communication focus on these new nations by creating a 'New World Information and Communication Order'. This concept was founded on building a coalition of nations united by their sense of being outside of the hierarchal power structure of the ownership of communication systems, therefore, giving them more influence in their position in transforming space of flows and create their own national communication policies (Mosco, 1996:206-207). Thus, drawing further attention the location of Naspers' business enterprises globally, in relation to being part of coalition of new business enterprise outside the elite of the communication and information enterprises.

Globalization has different meanings for various people or groups, in the business industry globalization refers to 'free world' for trade, commerce and money (Dodds, 2000 quoted in Van Aelst and Walgrave, 2002:467). Criticism aimed at globalization is that the concept is predominately founded and shaped by neo-liberalism principles with no-regard for the contested space of human agency and the environment, in terms of the potential consequences/side-effects of these principles (Van Aelst and Walgrave, 2002:467). This is evident in the international economic institutions that are created to regulate the globalization process, like the World Trade Organization (WTO) and International Monetary Fund (IMF) (Van Aelst and Walgrave, 2002:467). "The form (structure and decision-making procedures) and content (free market, deregulation of trade, and environmental degradation) of the policies established by the WTO and IMF are fiercely challenged (O'Brien et al., 2002).

Globalization has become an integral and integrated thought of contemporary society. Contemporary society has seen notions of geographical and national boundaries slowly disintegrate, as global world has accelerated into rapid integration into a singular global economy through the internationalization of goods, capital, and money markets. Present-day society's integration into a singular global economy draws attention to the inevitable and irreversible phase of capitalist development. The globalization of production and consumption by transnational corporations is characterized as a force that shapes and transforms all the economic, political and cultural forms it encounters (Bergeron, 2001:983).

Within the principles of globalization there are certain flawed principles. One such principle centres on globalization fostering a global-centric approach, but there does exist a problem of persuasiveness with regards to a hierarchal global power structures, in which global capital systems dominate each other. The global capital system of dominance has created a system of disempowerment, by its insistence that exclusive hierarchal forces determined all economic and political outcomes, and tend to articulate their respective technical and abstract economic process that contributor to a narrative of eviction of countries that do not follow their ideological notions (Sassen, 1998:82).

Globalization was viewed as a fashionable way in which to analyse changes in the international economy and world politics. Advancement in technology and modern communication have unleashed new contacts and intercourse among transnational corporations, resulting in the creation of a set of processes which have affected national and international politics. Globalization is understood in two distinguishable aspects of change: quantitative and qualitative dimension. Quantitative globalization refers to an increase of trade, capital movements, investments and people across borders. It is often referred to transnationalism and interdependence. Globalization, as understood in the current dissertation, comprises of three inter-connected elements: the expansion of markets; challenges to the state and institutions; and the rise of new social and political movements (Woods, 2000: n.p.).

As a concept, 'expansion of markets' focuses on the aspect of globalization in transforming global economic activity. Technology change and government deregulation have permitted the establishment of transnational networks in production, trade and finance. The new production networks (firms and multinational enterprises) use of advanced means of communication and flexible techniques production to spread their activities across the globe (Woods, 2000).

In the trade industry, globalization refers to increased quantity and speed of goods and services traded across the globe, the geographical spread of participants, the strength and depth of institutions which facilitate trade and the impact of trade on domestic economic arrangements. In the finance sector, globalization facilitates new financial instruments which permit wider range of services to be bought and sold across the world economy. Financial globalization is characterised by an increasing speed, quantity, geographical spread, and impact of international finance (Woods, 2000:n.p.).

The impact of globalization is the source of continuous surrounding various competing interpretations of the impact of globalization on investment, capital flows, jobs profits and welfare. Technological advancement driving globalization enabled multinational enterprises (MNEs) to operate in an efficient and optimal way.

According to Lee Artz (2003:3-4), globalization is a concept that lacks consensus on its definition or significance, and generates debates over the dramatic and often contradictory economic, political, cultural and technological developments affecting international relations. Interestingly, various authors with the relevant literature have expressed their doubts as to whether globalization is merely a ruse by capitalist pundits or the dawn of a new capitalist era. Globalization has been perceived either as worldwide triumph of capitalist democracy and internationalization of civilization that no longer needs nation-states, or the final period of finance capitalism. The many definitions, perspectives and ascribed notions of globalization have made it the elusive catchword for defining and critiquing the new world order, indicating that the various meanings and understands of globalization all indicate that humanity's in its entirety is subjected to its existence. Globalization draws attention to the global world growing smaller, while national boundaries remain, and nation-states continue to structure social life for their respective populace, due to government's energetically advancing policies or doctrines of the market as leading corporations use partnerships, joint ventures and mergers to recruit regional capitalist, who direct their respective governments to make structural changes favouring free trade. Resulting, individual state regulation removing obstacles to international production, distribution, and consumption and transnational corporations have expanded operations.

The study of globalization in the communication studies follows three disconnected approaches, reflecting the larger political and social debate over globalization and the public good and disciplinary traditions. One approach studies the advantage of transnational media corporations and uncritical focus on the convergence of technological innovation with little regard for social consequences of vertically integrated and deregulated transnational media monopolies. Another, critical investigates the political economy of global media, in terms of their holdings, operations, and influences without details regarding the social and cultural consequences of a concentrated global media. While debates rage over the significance of media globalization, it is widely accepted that there are certain conditions that existence, one of those is the recognition of communication technology ability to increase information and

data flow, enabling the streamline of capitalist production and distribution globally and allowing more dissemination of news and entertainment. Another condition, is the existence of transnational media corporations that are driven by profits, thus resemble capitalist enterprises that produce and distribute commodified communication content globally, and expand and benefit from the deregulation and privatization of the media, nationally and internationally (Artz, 2016:8-9).

Media Pluralism

Pluralism is generally associated with “diversity in the media, with regards to the presence of a number of different and independent voices” (Doyle, 2002:12). This study’s understanding of media pluralism is based on The Council of Europe, specifically their Committee of Experts on Media Concentrations and Pluralism (MM-CM), who understood “media pluralism as the diversity of media supply, reflected for example, in the existence of a plurality of independent and autonomous media and a diversity of media contents available to the public” (Doyle, 2002:12). Based on the Council of Europe’s definition, media pluralism specifically explores diversity within the accessibility of media content, rather than content itself. It delves into the diversity of ownership (the variety of separate and autonomous media suppliers) and diversity of output (varied media content) (Doyle, 2002:12).

The necessity for pluralism relates to freedom of expression. Without open and pluralistic media system, right to receive and impart information could be curtailed. Pluralism of the media is a vital aspect of freedom of expression. There are two types of media pluralism: external or structural pluralism and international pluralism. External pluralism addresses the diversity of ownership within a specific market. This is shown when there is a plurality of broadcasters and outlets in a sector. Internal pluralism refers to the diversity of output. This occurs when extensive coverage and diversity of programming are provided by media outlets. Restrictions on media ownership does not guarantee diversity of output reflecting different political and social views, and other policy instruments should be used to encourage greater internal pluralism (Doyle, 2002:12; Venice Commission 2005:11 quoted in Heberd, 2007:883).

The relationship between media concentration and media pluralism has predominately be understood from a lens of causality. Media concentration often perceived as being the central issue, in terms of its excessiveness in media ownership, leading to over representation of certain political notions and values of certain forms of cultural output at the expense of others. However, the relationship between media concentration and media pluralism is not quite as straightforward. While there is a correlation between media concentration and pluralism, based upon the negative notion of market domination and levels of pluralism. Basically, the higher levels of market domination, the fewer competing suppliers, implying less pluralism. Yet, media pluralism offers a contradictory perception of embracing diversity of output (content) and diversity of ownership. While, on the other hand large organisations may be better positioned than small organisations to innovate in products and add a range to the media output (Doyle, 2002:13). The relationship between media concentration and media pluralism is a complex, and affected by many factors. It is helpful to understand this relationship when media concentration is located within a broader framework of interrelated forces which may have some impact on pluralism (Doyle, 2002:15).

With regards to the correlation between media pluralism and Naspers, Naspers diversification of the various media business enabled the company to generate the requisite capital to penetrate new markets and subsequently leading to their e-commerce business interests. This notion shall be expanded upon in the literature review section and the data analysis section.

Convergence

Convergence refers to the linking together of the technologies of the media, telecommunications and computing. It can also refer to bridging the technological gap between broadcasting and other more conventional media types, by combing technologies, products, staff and geography among the previously distinct divisions of print, television and online media (Jenkins, 2004:34; Singer, 2004:3 quoted in Avilés and Carvajal, 2008:222).

José Alberto García Avilés and Miguel Carvajal (2008:222), incorporating the works from various scholars (Wirtz, 2001; Soo Chon et al., 2003; Chan-Olmsted and Chang, 2003; Jenkins, 2006) proposed that media convergence is inseparably related to industry convergence. Since the deregulation of communication law, in 1996, the digitalization of media, and the advent of the internet and its global reach have facilitated communication, computer and media sectors to follow similar a path. The path share by communication, computer and media sectors has seen the coming together of content providers and distributors, but media companies have

strategically positioned themselves ahead, in this new era, through mergers with partners from the communication and computer sectors. Subsequently, the process of fusions, mergers and acquisitions of traditional and new media have accelerated the transition to the converged era, where media cross-ownership and business economics shape market structure.

Henry Jenkins (2004:34) viewed media convergence as more than a simply technological shift, rather it altered the relationship between existing technologies, industries, markets, genres and audiences. Jenkins viewed convergence as an ongoing process, but not an endpoint, as there are various forms of proliferated media channels, and the portability of new computing and telecommunication technologies have ushered in an era where ‘the media’ will be everywhere and will be used in various kinds of ways in relation to each other.

The process of media convergence in the media industry occurred when news production systems underwent the process of digitization and facilitated the erosion of the traditional borders that separated the creation of content for print, the Internet, radio and television. Digital systems enabled journalist to share data files (audio, video and text) with increased versatility as a means of elaborating content for various platforms (Avilés and Carvajal, 2008:221). José Alberto García Avilés and Miguel Carvajal (2008:221), citing Roger Filder (1997), claimed that the newsroom media convergence highlighted the idea that a true ‘media-morphosis’ was taking place based on the multimedia integration provided by the Internet, while concurrently specific content was being developed for each platform.

Jenkins (2004:34) emphasised that media convergence is fuelled by cultural shifts, legal battles and economic consolidation, prior to the shifts in technological infrastructure, leading to a situation in the foreseeable future of media convergence being a kind of kludge, jerry rigged relationship between different media technologies, rather than a fully integrated system. Jenkins further claimed that the rate of convergence would be uneven within a given culture, and those with the economic means and requisite technological literate would become early technological adapters. In the face of increasing globalisation and convergence in technology, many media firms are forced to alter both their business and corporate strategies. Thus, media firms rapidly are joining forces not only with rivals in the same business sectors, but also with others who are involved in areas that are now seen as complementary.

Synergy

“In a cultural system build around ‘synergy’, more does not mean different; it means the same basic commodity appearing in different markets and in a variety of packages” (Murdock, 1990:8 quoted in McQuail, 2000:202).

Mark L. Sirower (1997:6) defined synergy “as increases in competitiveness and resulting cash flows beyond what the two companies are expected to accomplish independently.” As an economic scholar, Sirower explained that synergy is the “acquisition of a company that has the potential to deliver more than what the market already expects from their current strategic plan, thus representing the value of the additional performance requirements”. Secondly, once a company has been acquired it begins an intensive integration process. The integration process involves integrating the sales forces, information and control systems, and distribution systems of a company. Simultaneously, prospect acquirers must ensure that they keep an eye on their competitors to ensure that they able to respond to changes in the competitive environment (Sirower, 1997:6).

The principles of synergy are based on the basic business-world belief and value system, adopted by many chief executive officers (CEO) and increasingly publishers; whether true or not, that the implementation synergy would improve the bottom line of their respective companies (Auletta, 1998; Kurtz, 2000 quoted in Williams, 2002:456). Williams (2002:456) explained that synergy involved groups productively working together are more creative, willing to take risks and more innovative than individuals working alone. Subsequently, synergy is often the point of many conglomerate mergers and acquisitions, as the strength of one company or division complement the other.

Charles Davis and Stephanie Craft (2009:220) claimed that “the accelerated trend toward media cobranding, joint ventures, strategic alliances and mergers, and acquisitions with non-journalistic companies raises new ethical concerns about the entanglement created in the name of synergy.” Davis and Craft (2009:222) further stated that ‘synergy’ was often claimed by the acquisition and discernment of media companies as the by-product of consolidation and created potential conflicts of interests.

E-commerce

Considering the above sections description of Naspers business operations habits of diversifying, accumulating sufficient capital before penetrating niche markets and how the company had already start to implement an Internet strategy for their newspaper operations. This chapter seeks to logical illustrate Naspers interested in adopting an e-commerce business model, by investigating the company's early ventures into e-commerce business, the reasons and risks Naspers took in adopting e-commerce business operation.

Naspers' interests in e-commerce occurred during its early entry into the South African market. Shaun Pather, Dan Remenyi and Andre de la Harpe (2006:16-17) undertook a case study evaluating the success of e-commerce in South Africa. Their specific focus on a subsidiary company of Naspers', called kalahari.net. They described the optimism that came with the early stages of e-commerce in South Africa that saw various e-commerce businesses start up. Unfortunately, this optimism would fade away as numerous e-commerce in South Africa, suffered losses as a lack of proper planning and understanding of the e-commerce market. Naspers' was one of those cases; their business ventures into the e-commerce market was founded on overall views and strategies that were poorly constructed, leading to the company to suffer pitfalls. However in time Naspers recognised and ratified the problems, leading to the company being operated optimally and efficiently.

Kalahari.net was a South African e-tailer, an online retailer company that focused on direct sales to individual customers (Laudon and Traver, 2003:71). It sourced its products both from South Africa and internationally. kalahari.net operated under the umbrella of Viva Afrika a subsidiary of Naspers. Initially setup as a retail bookseller, Viva Afrika was transformed to take advantage of the opportunities offered by the Internet; thus various Internet businesses were launched. Unfortunately, the preparation and allocation of resources was not properly structured, consequently kalahari.net suffered various problems and was unable to operate efficiently. Short term planning and objectives had created a belief that starting up the company would be an easy process with quick return in profits. Consequently, kalahari.net's lack of preparations, proper business case and poorly conceived marketing plan ensured that the Website attracted little business and certain failure stared them in the face (Pather et al., 2006:17).

To steer away from potential disaster, management at kalahari.net and Via Afrika decided to relaunch the business with a more thoughtful and professional way of managing all the essential

business variables. In the wake of this relaunch, the company grew steadily from strength to strength, with the recognition of being “the best recognised e-commerce brands and a role model in South Africa. kalahari.net is regarded as a successful e-commerce business in South Africa” (Pather et al., 2006:18-19). However, Pather et al. argued that kalahari.net had created this perception of success, thanks to their publications and short-term perceptions of the public. At the time, kalahari.net still had not reached its primary objective of turning a profit; but it was not running at a loss either. Pather of was the opinion that if the company could maintain their current growth performances and kept cost under control, it had the possibility of generating profits soon (Pather et al., 2006:18-19).

Naspers’ subsequent decision to adopt and establish their ecommerce company and its business operations fell into two distinct categories: a technology company with a vested interest in building the channel to market products and services; a media company, attracted by low set-up costs and immediate distribution of news and information (Aldridge, 1998).

Naspers’ interest in the e-commerce market was based on the continual growth and accessibility of the Internet in the global economy, to large number of potential consumers. The accessibility to the Internet has been growing since its inception of the World Wide Web (WWW) in 1990, at present the Internet has more than one billion users, therefore increasing the connections doing business online exponentially. The Internet’s ability to facilitate production and distribution across borders enabled e-commerce to increase its range of services that could be traded globally and assist in the opening markets that were previously closed, thus connecting buyers, consumers and suppliers. This resulted in an increase in online retail sales and advertising revenues due to the growth of e-commerce globally. E-commerce potentially generated benefits that were beyond those of trade liberalization on their own. Traders were able to reduce the cost of transactions, barriers to market entry, increase rapid production innovation and economies of scale. Also, e-commerce was able to reaffirm employee commitment by offering shares options in lieu of salary and becomes beneficial for consumers in small markets, who can compete with consumers from larger markets, even though their do not enjoy the same level of price and quality competition (Steward et al., 1999: 124, 129; Mitchell, 2009:342).

As previously discussed in the case study of Naspers’ subsidiary kalahari.net, Naspers had decided to adopt an e-commerce business strategy that would highlight the willingness and attractiveness with which South African companies viewed e-commerce. Unfortunately, South

Africa had a “low trajectory adoption and impaction rate towards e-commerce, due to a low Internet usage rate compared to global standards, thus negatively impacting their steadily growing e-commerce sector” (Warden and Motjolopane, 2007:2-3,9). However, the benefits for choosing to adopt an ecommerce business strategy was that it was a cost-effective means of reaching global consumers, penetrating and establishing a presence in the global market, and the ability to streamline a vast amount of business and technological processes using telecommunication networks. It was further “advantageous to early adopters willing to change and improve communication, internally and externally, with the use of sufficient resources and skilled-staff could enable even a small market enterprise to grow and compete in the global economy.” (Molla and Licker, 2005:878)

Naspers’ decision to adopt and implement an e-commerce business model was further dependent on the relationship and progress between internationalisation and e-commerce enterprises, and the various universal pre-requisites that enabled and encouraged business to operate on the global market. It also contributed to the rapid development of e-commerce firms and increased their competitiveness, by enabling simultaneous communication of the extensive and complete information to large number of users. Essentially, providing e-commerce “businesses real-time information, the digitisation of products, services and systems, facilitating their multiplication and transmission to a distance”. Thus, in enabling Internet and information technologies (IT) overcoming geographic barriers and reducing psychic distance from language and cultural differences (Grochal-Brejidak and Szymura-Tyc, 2013: 41-42).

E-commerce afforded Naspers the opportunity to engage in an entirely new economic activity. This was based on e-commerce’s uniqueness in allowing increased accessibility to several markets and transactions between buyers and sellers with regards to the information on the various products and services. This was based on e-commerce negating local and national boundaries in the mobility of capital and disregarding concerns about time differences in transactions. This was beneficial for businesses and consumers, as e-commerce’s instantaneous accessible at various times, allowed customers the ability to inquire about the product they had purchased and ordered to be delivered, without dealing with an uninformed customer service or salespeople. This was a new beneficial economic activity for business operations that bypassed traditional intermediaries, and allowed business to directly sell their services and products to consumers globally. Thus, allowing businesses to reduce their operation costs and lower prices on services and products to customers (Bingi et al., 2006:3)

Transnationalism

The section above established the global appeal and application of e-commerce. This section draws attention to characteristics and benefits to Naspers as a transnational actor that had embraced an e-commerce model.

Naspers' transformation into a global multinational conglomerate was based on one underlying factor, i.e. substantial profits (Vermeulen and Barkema, 2002:638). Various scholars (Hymer, 1960, Rugman, 1979; Caves, 1982 quoted in Vermeulen and Barkema, 2002:638) emphasizing an economic perspective, have stated their belief of the extensive monetary benefit that are required for multinational corporations (MNCs), and their ability to increase market power and internationalisation of their business operations, in response to market imperfections. Business operations that function beyond domestic borders enable multinational corporations to reap tax benefits, benefit from common purchasing to avoid high transaction costs and exploit low-cost sources of labour (Vermeulen and Barkema, 2002:638).

Multinational corporations play a role in the restructuring capitalism, the development of consumerism and global structure, and the reconfiguration of global power structures. Multinational corporations are given recognition for being able to create their own transnational social spaces with distinct actors, rules and patterns of social interactions (Faist, 2000 quoted in Ailon and Kunda, 2003:695; Morgan, 2001: Morgan, 2005 in Ailon and Kunda, 2003:695). The transnational social space that Naspers' business operations created for themselves also followed a "set of beliefs, codes, norms and values established by Naspers' to ensure that all their business enterprises functioned optimally", and were area able to make the necessary changes in their operationalisation. Multinational corporations' ability to create their own transnational social spaces does not assume that this space exists in a stateless vacuum, rather business operations and structures in foreign markets are deeply socially embedded in national institutional contexts, while also creating their respective new levels of social interactions and relationships (Morgan, 2001:3).

Scholars of transnational studies have acknowledged that transnational and national structures are interconnected rather than mutually exclusive. This has occurred based on the tendencies to disregard how states and politics interact in relation to transnational social orders and overlooking the continuous power of nation-state (Djelic and Sahlin-Andersson, 2006:3; Schiller, 2005:442; Waldinger and Fitzgerald, 2004:1189).

In contemporary global economy, Naspers became part of new forms of multinational companies emanating from emerging and developing economies, termed emerging multinational corporations (EMNCs). Emerging multinational corporations were no longer viewed as being merely niche players, rather, their operationalization performances have a competitive advantage over developed multinational corporations (DMCs). Emerging multinational corporations develop and receive capital flow or profits from innovations created from developed countries (Vertovec, 199:453) and tend to use acquisitions and mergers to build global recognition and expand their innovation and manufacturing bases. Most developed countries have not noticed new multinational companies from emerging and developing economies. Only recently have new firms, emanating from the developed countries, have started to paid attention to the potential threat or opportunity posed by emerging multinational corporations. Furthermore, Third-World multinationals (3WMNCs) are choosing to invest in branches through joint ventures, and wholly owned subsidiaries internationally. Through the process of adopting existing process and product technologies, de-scale them and produce at low cost with small production runs and inexpensive labour. Basically, Naspers global operationalization have used the ignorance and technological innovations, developed by multinational corporations to their competitive advantage, to generate profits and further expand their enterprise through acquisitions and mergers of other business ventures (Goldstein, 2009:138-139).

An interesting trend has been identified and seen multinational corporations, like Naspers, change their allocation of resources (business models and products) away from the saturate market targeting the wealthy elite in developing countries. Multinational corporations have noticed that the niche consumer with most potential for increase revenue and have begun to target the low-income consumer market, as it is the largest and fasting growing segment of the populace (Arnold and Quelch, 1998; Prahalad and Lieberthal, 1998 quoted in Shah, 2012:5).

The potential of the low-income target market was further emphasized by the fact that most entrepreneurs and customers in the low-income market are faced with poor quality service and exploitation by predatory suppliers and entrepreneurs, therefore highlighting a possible market that could generate profits and consumer surplus. Essentially, tapping into markets at the base of the pyramid can provide multinational companies accessibility to a fast-growing population that has the potential to grow further in the future (Prahalad and Hammond, 2002:4-5).

However, a growing number multinational companies are beginning to recognize and explore the enormous business opportunity of targeting the consumer at the bottom of the economic pyramid. The ability to reach the base of the pyramid does present enormous business opportunities and unique challenges to multinational companies. Business models and marketing frameworks formulated and applied in the developed world may not be appropriate in emerging markets, thus marketers must be cautious and careful with designing their strategies and marketing frameworks for emerging markets (Prahalad and Hart, 2002). Despite the challenges faced by multinational companies in accessing emerging markets, the enormous business opportunities for multinational companies is still enticing. Thus, multinational companies are successfully coping with emerging market challenges by possessing entrepreneurial skills that are innovative and proactive (Shah, 2012:5-6).

Conclusion: The Centrality of Power

The above-mentioned principles associated with political economy of communication are essential concepts that provide insightful analysis tools for understanding the social phenomenon of Naspers' transition towards an e-commerce-based business model. These principles implemented individually will not offer an adequate analysis of comprehending the social phenomenon. However, the incorporation of the concept of 'power' enables the dissertation to funnel principles (spatialization, concentration, ownership, and control, globalisation, media pluralism, convergence and synergy).

Chapter Three

Literature Review

Introduction

This chapter is divided into three sections aimed at addressing the limited literature on Naspers e-commerce business operations. It demonstrates the inherent concept of Naspers transformation into global multinational e-commerce enterprise. The first section focuses on Naspers' business operations by illustrating their evolution towards e-commerce. It further examines the diversification and accumulation of capital through various stages of Naspers history that enabled the company to penetrate new niche markets.

The second section investigates Naspers adoption of an e-commerce business operation model. It explores benefits and risks of adopting e-commerce and shift towards a new economic activity. The final section focuses on the operationalization of Naspers, as a multinational/transnational corporation that operates globally.

Naspers

The initial section includes Naspers business operations by first illustrating how they had transitioned towards an e-commerce platform, before it investigates their ability to diversify and accumulate sufficient wealth in order to penetrate new niche markets. The analysis examines four incremental stages of Naspers' historical business operations: pre-apartheid; transitional period; post-apartheid; and diversification into African and global markets. The post-apartheid era will be further examined on how the ideology of the commodification of Afrikaner nationalism and how it articulated itself into practice.

Naspers' Business Operations in 2015

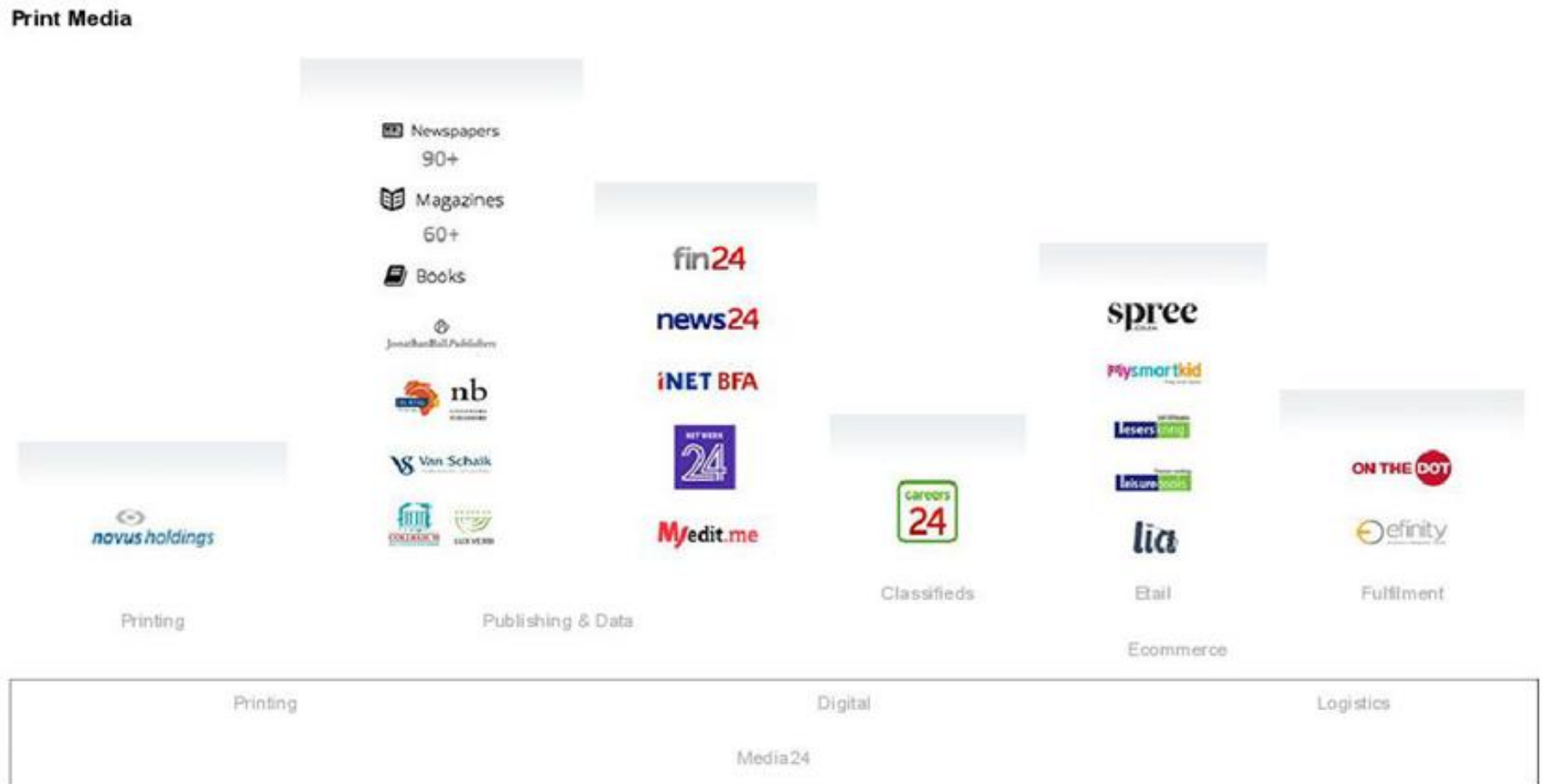
The official extent of the Naspers' empire is summarized in the 2015 'Naspers January Fact Sheet', which documented the extent to which the e-commerce platform had become the basis of their identity. Specifically, three broad divisions of e-commerce namely, those activities predicated on their heritage print media platform; pay-television platform; and those on their Internet platform.

Print Media Platform

The print media platform is primarily based in South Africa, with their print media subsidiary, Media24 being a prominent media group in Africa, as depicted in figure 1 below. “Operations include newspapers, magazines and digital publishing as well as printing, distribution, book publishing, e-commerce and financial data.” (Naspers January Fact Sheet, 2015) This fact sheet suggest that Naspers has a 30% stake in Editora Abril, a Brazilian publisher and printing company, that is the biggest media holdings in Latin America.

This is illustrated over the page

Figure 1: Print media platform



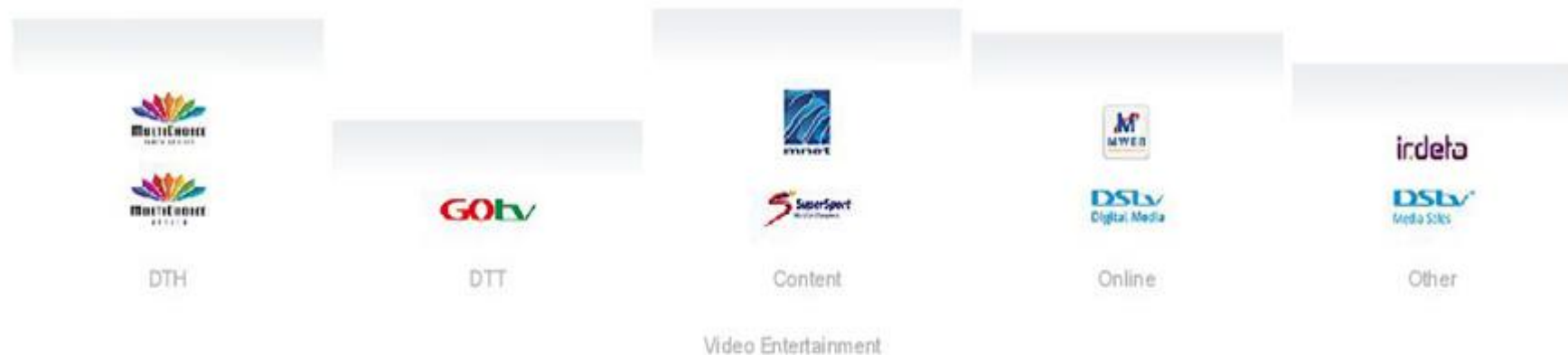
Sourced: www.naspers.com/page.html?pageID=23 [accessed 28 April 2016]

Pay-Television Platform

Figure 2 below illustrates the pay-television content. This platform is reliant on their e-commerce business operations essential for Naspers to offset the limited broadband infrastructure and limited cable access on the African continent. The fact sheet captures further services that “provide pay-tv services to more than 8 million households in 50 countries across sub-Saharan Africa under the MultiChoice, DStv and GOtv brands.” (Naspers’ January Fact Sheet, 2015). The fact sheet further indicates that M-Net offers general entertainment and sports content via Supersport, which is the largest provider of content in Africa. Naspers’ e-commerce operationalisations also encompasses other subsidiaries, for example DStv Digital Media focusing on the development of online and mobile products, M-Web being their leading Internet service provider in South Africa and Irdeto, their global technology provider in content security, management and delivery for pay media companies.

Figure 2: Pay-television platform

Video Entertainment



Sourced: <http://naspers.overendstudio.co.za/paytv.html> [accessed 28 April 2016]

Internet Platform

Naspers' Internet platform incorporates a full range of services from communication and social networking, to entertainment and mobile value-added services as captured in the table below.

Their e-commerce operations include the following

Online classifieds	Provide electronic networks and servers, in terms of a Website browser) for individuals and companies to place their classified advertisement. Revenue is generated from the individuals and companies to ensure their advertisement feature prominently or shown to a specific clientele (Hamwi, 2014). ⁸
E-tail	Provide online shopping experience for businesses and consumers to directly interact with each other. Business goods and services are directly purchased over the Internet using a Web browser. It provides consumers a personal feel for the look and quality of the goods and services without being present (Electronic Retailing - E-tailing, 2017). ⁹
Marketplaces	Provide a community for buyers and sellers to transact through an institutionalized network that shares rules and structures controlled by a mediating organization. The marketplace operator provides a haven to use various online tools and services that for ease of the trading process (Pavlou and Gefen, 2004:667; 3 Simple Ways To Tell Marketplaces And Online Classifieds Websites Apart, 2017). ¹⁰
Online comparison shopping	A website browser with an Internet search engine that evaluates prices of similar commodities and suggests the best deals and links to users. The website does not sell their respective products online, but receives financial commission in their efforts to assist an online store in generating a profit (What Is Comparison Shopping Engine, 2017) ¹¹
Payments	A system that offers e-commerce business merchants a single technical interface to one or more online payment methods. This assists e-commerce businesses and customers to accept credit cards, alternative methods (electronic bank transfers, direct debits), solutions (payment of product once it is received and a potential to pay certain amounts) (Elmbad, 2016). ¹²
Online Services	This is an Internet service provider (ISP) that offers an extensive array of online services of their own volition, in terms of creating their own web browser. Predominately, Internet service providers offer free service, but generate income from selling access and information of their consumers to advertisers, marketers and researchers (Rouse, 2017 ¹³ ; Karlberg, 2014). ¹⁴

⁸ <http://openclassifieds.com/2014/01/09/6-simple-ways-make-money-classifieds-website/>

⁹ www.investopedia.com/terms/e/electronicretailingetailing.asp

Figure 3 below shows that Naspers's Internet platform focuses on e-commerce, but offers a "full range of internet-based services from communication and social networking, to entertainment and mobile value-added services." (Naspers January Fact Sheet, 2015). The fact sheet indicates that Naspers holds a minority positions in the following two companies: Tencent (34%) – China's largest and most used Internet services platform; Mail.ru (29%) – the leading Internet company in Russian-speaking markets. This research is merely providing a simply information regarding these two companies, as their intricacies and relevance will be explored during the dissertation.

¹⁰ www.izbergmarketplace.com/3simplefactstotellmarketplacesandonlineclassifiedwebsitesapart/

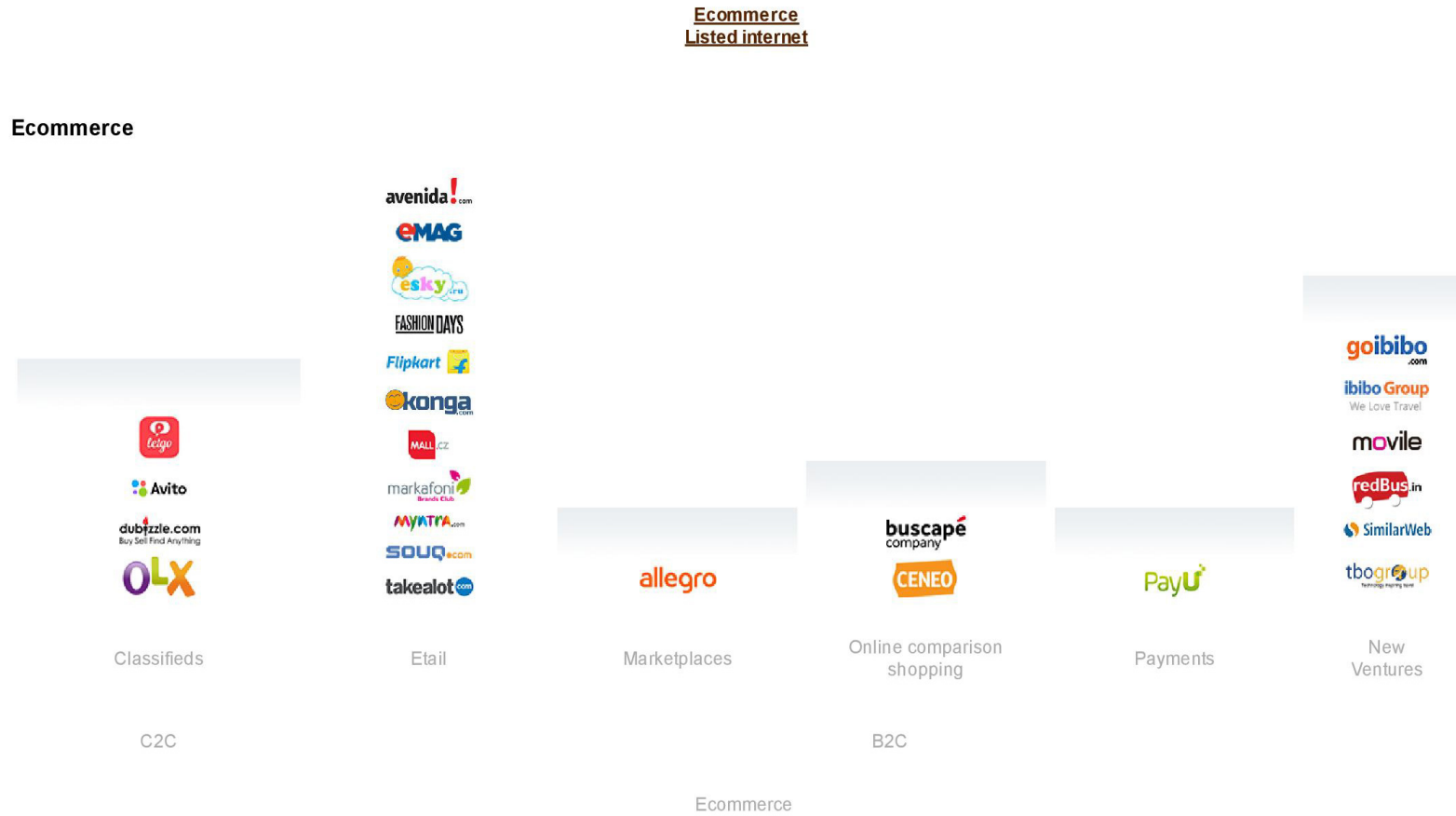
¹¹

¹² www.thebalance.com/whatisonlinebillpay1293716

¹³ <http://searchsoa.techtarget.com/definition/onlineserviceproviderOSP>

¹⁴ www.quora.com/How-do-classified-sites-make-money

Figure 1: E-commerce Platform



Sourced: www.naspers.com/page.html?pageID=20 [accessed 28 April 2016]

Naspers in the pre-apartheid era (1915-1990)

To comprehend Naspers' business operations evolution into an e-commerce model, it would be pertinent to examine the formative years of the company. This would provide a unique insight into Naspers' business operations constantly seeking to expand their enterprise and accumulation sufficient wealth before penetrating new niche markets.

Naspers was founded in 1915 and was known as *Nasionale Pers* (later to be changed to Naspers), by a Cape based faction of the National Party (NP) known as the southern Afrikaner nationalist party (Giliomee, 2003). The stakeholders of the company consisted of wealthy farmers, urbanised and prosperous professional people and emergent capitalist (O'Meara, 1983; Mosime, 2014:66), who viewed print media, specifically the content (newspaper articles) as the perfect means to handle their ideological and economic needs. The stakeholders viewed Naspers fulfilling two operational functions, firstly to enable southern nationalist a means of expressing their Afrikaner views and beliefs without interference and persecution from the anglicized social structures. The remnants of the Boer revolts of 1914 (the Maritz Rebellion) and 1915 (the Walvis Bay Rebellion) had seen Afrikaner nationalism suffer resentment and harbour ill-will (ideological). Secondly, to mobilise capital for the Afrikanerdom, as Afrikaner nationalism often went in hand with economic mobilization. The Naspers' stakeholders saw the print media business, and by extension Naspers, as the quintessential means of using print media content to promote the views on Afrikaner nationalism and stimulate the economic mobilization of capital through the content of their flagship newspaper *Die Burger* (Muller, 1987:119-120).

The combined financial wealth of Naspers' stakeholders and the profits generated from the distribution of the *Die Burger*, encouraged Naspers to seek better opportunities and markets to diversify their business operations into the South African press market through a series of mergers and start-ups. The first instance occurred when Naspers attempted to expand their business in the 1930s, having identified the political unrest and division within the National Party in the Transvaal area. Naspers' expansion led to a collision with the dominate media company that operated in the Transvaal Afrikaans print media market, called Perskor. Perskor was viewed as the antithesis of Naspers, as the company's print media market was founded on, and catered for the less cultured, less entrepreneurially suave and predominately working-class Afrikaner populace. Perskor also used their print media companies for economic mobilisation of capital. Their goal was to further an Afrikaner nationalism that centred on religious beliefs,

rather than economic benefit. Naspers decided to establish a newspaper company, called *Voortrekkerpers*, that balanced the views of Naspers and the target audience (northern Afrikaner nationalist) Unfortunately, this venture would twice end in failure for Naspers, and stoke hostility between southern and northern Afrikaner nationalists (Muller, 1987:125).

Eventually Naspers would boldly establish their presence in the northern nationalist territory and succeed in consolidating their business operations. In 1965, Naspers launched their Sunday newspaper called the *Die Beeld*, and it was printed, and distributed simultaneously in Cape Town, Bloemfontein and Johannesburg, amid the tensions between North-South Afrikaners, highlighted by the frosty relationship between Naspers and President Hendrik Verwoerd (Mouton, 2000). The launch of *Die Beeld* had brought Naspers into a circulation conflict with *Dagbreek en Sondagnuus*, a Perskor owned newspaper. The print circulation conflict could not be won by both parties; thus, a compromise was reached. They decided to merge their respective newspapers *Die Beeld* and *Dagbreek en Landstem* (established after the merger between *Dagbreek en Sondagnuus* and newly incorporated Cape newspaper called *Die Landstem*) into a new Sunday newspaper called *Rapport* (Muller, 1987: 131-132).

The 1970s and 1980s saw Naspers finally establish a hegemony in the Afrikaner press market, over their competitor Perskor. Firstly, Naspers would expand and consolidate their business interests by launching a new daily newspaper, called *Beeld*, in Transvaal, thus further consolidating their presence in the market and antagonizing their competitor Perskor. Secondly, Naspers would use the unstable political climate surrounding the Nationalist Party (NP) and Afrikanerdom, to their advantage by constantly attacking their competitor (Perskor). Naspers attacked the Perskor owned newspapers *Oggendblad* and *Hoofstad*. This compromised Perskor's business operations, as they became stuck in an ideological quandary of expressing mixed messages to their readership, in terms of supporting the ruling party's (NP) reforms, that favoured the capital elite based in the South, and preaching group politics and petty-bourgeois social conservatism to their readership constituency in the north. Subsequently, Naspers would have dominance over the Afrikaner press market, in the morning market (for the *Beeld*) and the afternoon market to their two newspapers that targeted different constituencies (Muller, 1987:132-138; Pienaar 1978:78).

Naspers' political acumen and suaveness also played an influential role in assisting their eventual dominance of the Afrikaans press market. Naspers' would manoeuvre themselves into situation that would enable the company's two Afrikaner flagship newspapers (*Die Burger* and

Beeld) to enjoy a strong relationship with the ruling government (The National Party), consequently positioning their stature above other Afrikaner newspapers, largely due to the strategic thinking of Schalk Pienaar, then senior editor of *Beeld*. During the coverage of the controversial internal conflict in the Afrikanerdom, between the ultra-conservatives (*verkamptes*) and the more liberal Afrikaners (*verligtes*), Naspers and their flagship Afrikaner newspaper *Die Beeld*, Naspers was able to operate freely without fear of government reprisal, as Pienaar had cleverly created a positive link and relations between *Die Beeld* and Verwoerd's successor as President John Vorster. Schalk Pienaar had ensured Vorster's support by writing favourable columns, and articles on him, supporting his policies with enthusiasm. The benefits of the new friendship between both parties was the freedom of movement bestowed on Pienaar over any other Afrikaner journalist, while the drawback was that certain stories that put Vorster or the government in a bad light would not be written. Essentially, Pienaar had created a favourable scenario of any criticism labelled at the *Die Beeld* would be perceived as an attack against Vorster's policies (Mouton, 2000:160-162).

Mouton's work further highlighted the ingenuity of Naspers' to be able to identify a means of consolidating and expanding their Afrikaner print media business, therefore strengthen their dominance over the market. Mouton depicts Pienaar's uniqueness in realizing that *Die Beeld's* expansion and growth could not solely be reliant on being a serious newspaper, rather, it had to also attract readers by covering sensational events. Pienaar believed that newspaper content should either make its reader's hair stand on end or give him an erection, for it be commercially successful. Schalk Pienaar, against the wishes on the ultra-conservative Afrikanerdom clergy and certain sections of Naspers higher management, believed that this could be achieved by covering and reporting on stories about crime and sex (Mouton, 2000:159).

Naspers' dominance in the Afrikaans print media market was also predicated on their ability to incorporate technological innovations in their business operations, in order to generate more wealth. Stella Viljoen (2006:19) noted that Naspers' business operations use of technological innovations during the 1950s, specifically the transformation of Naspers' flagship magazine *Huisgenoot* and its cover and brand identity as it undertook an ideological shift from "idealism and formalised cultural life" to "profit-driven populism". Viljoen further argued *Huisgenoot's* magazine change underlined the tension between idealism and profit, as a magazine cover was essential in its ability to generate a necessity to impulsively buy the magazine. In the case of *Huisgenoot*, the importance lay in transforming and creating a new brand identity, as the target

market had already been delineated and the editorial team knew how to capitalise on the need for Afrikaner solidarity through media content (Viljoen, 2006:19).

Political based covers of significant and historical moments of Afrikanerdom history were popular and used by magazines. However, the 1950s would see an interesting change, as *Huisgenoot* began to exclusively put women in their magazine covers. *Huisgenoot's* decision to depart from their previous advertisement strategy was based on word-dominant advertisements being replaced with predominately new photographic method, caused by the 'graphic evolution'. Subsequently, the covers from the 1950s, began to portray Afrikaner identity in South African vistas with elegantly posed women, set in nature and representing the personification of the 'Afrikaner volk'. Magazine sought to reproduce the nostalgia and romanticism of the past in order to create an imagined community that was the core of 1950s Afrikaner patriotism (Viljoen, 2006:19-21).

The Afrikaans culture embracement of technology also saw the ruling party, eventually relax their reservations of television and incorporate a new broadcasting platform to disseminate their patriotic message to their Afrikaner constituents. In the apartheid era, the broadcasting sector was predominately controlled and monopolized by the state based South African Broadcasting Corporation (SABC). The National Party had concerns about the impact television would have on South African society. Carin Bevan's (2009:40) doctoral dissertation, drawing upon the works of Dietrich Berwanger (1995) suggested that the ruling party's wariness towards television could have been based on the link between television and African decolonisation during the 1950s and 1960s. Charles Okigbo (1995 quoted in Bevan, 2009) made a similar point when he noted that when "most of the colonies in Africa [... became] independent, [...] a television station found its way into the colonial powers" farewell gifts (Berwanger, 1995 quoted in Okigbo, 1995:359) During this period African colonies were becoming independent and television services were associated as a 'parting gifts' by the departing colonial powers. Secondly, the NP would have been further agitated by Okigbo's (1995) view that "the television was meant as a political tool for mass mobilisation", since television had the means of reaching educated or illiterate audiences in rural and urban areas. But, the "cost of television sets and lack of infrastructure (limited electricity) in certain areas meant that only a handful of Africans could enjoy the new medium." (Okigbo, 1995:359-60 quoted in Bevan, 2009:40)

As this is a dissertation, the study will only explore elements of the introduction of television

in the South Africa (For more information please see Teer-Tomaselli, 2015) Ruth Teer-Tomaselli (2015:2) claimed that the late introduction of television in South Africa was based on “two different but interrelated factors: production costs and Afrikaner identity”. The production cost aspect centred on two factors, the first was the financial cost of creating a television service since the creation of television content and programming was deemed excessive by certain government officials, the most prominent being Dr Albert Hertzog. Hertzog believed that the South African government were wasting their money introducing an “expensive luxury” that would have made “a nice [and] easy propaganda medium” (Teer-Tomaselli, 2015:2) for the government. The competition for advertisement revenue factor was based on Afrikaans newspaper industry being severely affected, compared to the English-based newspapers, by the introduction of television, since it syphoned most of the advertisement revenue away from print media. This factor was the major contributor towards television’s late introduction into South African society since it was deemed that television would negatively affect the Afrikaans language and “ultimately, the nationalist government” (*The Star*, 29.04.1971 quoted in Teer-Tomaselli, 2015:2). Dr Albert Hertzog’s department (Minister of Posts and Telegraph) oversaw the South African Broadcasting Corporation (SABC) and Hertzog ensured the delay of television, as his conservative Afrikaner beliefs instilled a belief that television would overwhelm Afrikaner culture and identity. However, by the late 1960s, South African government’s initial concerns began to dissipate, and they relaxed their views since moving towards the global world of television broadcasting had become more attractive (Teer-Tomaselli, 2015:2).¹⁵ “Television was officially launched in South Africa on Monday 6 January 1976 [...] only 300000 television sets had been sold nationally (SA Annual Report, 1976:93 quoted in Teer-Tomaselli, 2015:5).

In 1986, the encrypted and only private subscription channel M-Net was launched (Teer-Tomaselli, 2005:559; Jacobs, 2007:159; Angelopulo and Potgieter, 2013:13). M-Net was initially owned by a consortium of all the major press houses in South Africa, but, in time Naspers would buy out the other three companies for the channel (Teer-Tomaselli, 2015:559). Naspers was given the licensing rights for the subscription channel, allowing the company to establish the only private television broadcaster in South Africa, on the basis that their television content would not include broadcast news (Horowitz, 2001:124; Jacobs et al., 2001:8). Subsequently, Naspers’ programming content was predominately imported films,

¹⁵ Teer-Tomaselli, R. 2015. In the beginning: Politics and programming in the first years of South African television. In Tager, M and Chasi, C.T. ed. *Tuning In Perspectives on Television in South Africa*. Cape Town. Person Holdings, pp. 1-17

television series and sport. M-Net were allowed an ‘open window’ of two hours of unencrypted prime time (17:00 – 19:00), which M-Net used to broadcast their local soapie, *Egoli* (Teer-Tomaselli, 2005:559). Guy Berger (2004:54) claimed that M-Net was one of the most significant cases of commercially driven expansion during the apartheid. The launch of M-Net was designed to compensate press houses for the loss of advertisement revenue after the SABC allowed the introduction of television (SATV) into the broadcasting market (GGIS, 2000:13 quoted in Berger, 2004:54).

The significance of Naspers’ decision to launch their pay-television subscription channel, M-Net was that Naspers was the only press house willing to take the chance and invest in the pay-television market, evident by the other three prominent press houses selling their shares to Naspers. M-Net was further assisted by Koos Bekker’s expertise in identifying the technological ‘curve’ of promising media platforms, as the leader of the founding team of M-Net in the 1985 (Bloomberg, 2017)¹⁶. This would be significantly beneficial for Naspers, as the M-Net provided the company corporate confidence to diversify and sustain their business operations on new media platforms. For Koos Bekker, M-Net represented a momentous occasion, in which he obtained a substantial amount of ‘clout’ within the company, in terms of identify new media platforms that Naspers could invest and his stature outside the company also began to increase.

Transitional period of South African Media (1993-1999)

Keyan G. Tomaselli (1997) described how Naspers, as well as other white-owned media companies, discarded their ties with the National Party and the mining industry once the advent of democracy drew near South African society. Naspers based their decision to disassociate their business interest and operations from the National Party, as the latter was about to lose its political power and South African market was about to become immersed in the global. Sensing this new opportunity for its business operations and interests, Naspers underwent reconfiguration at the ownership and staffing level. Naspers would have to undergo a process of unbundling their assets to by selling off integral shares to Black Economic Empowerment (BEE) consortiums as a means of reaffirming their commitment to racial inclusiveness.

Naspers would use this opportunity to transform itself into a multinational media conglomerate by consolidating their business operations and ‘unbundling’ a some of their less significant media outlets to BEE groups while keeping majority control of their core businesses by forming

¹⁶ www.bloomberg.com/research/stocks/private/person.asp?personId=82609080&privcapId=35248158

new firms and joint ventures with Black consortia and foreign investors. Individuals that were prominent officials at Naspers during the apartheid regime still held majority shareholdings and were key decision makers. This ‘unbundling’ process would also affect Naspers’ electronic media business, as Naspers would sell a significant amount of their shares in M-Net to a BBE Trust and would further sell other aspects of their electronic media interests to black-owned companies, in order to assist in their expansion of operations in accommodate new technologies (Naspers Annual Report 2013, Tomaselli, 1997:9,51-55,67).

During this transformative period of the South African media industry, Naspers’ ability to remain unscathed at the ownership and boardroom level enabled the company to undergo a metamorphosis into a multinational global conglomerate, based on their Afrikaner culture. Anton Harber (2004) explained that the African National Congress (ANC) had targeted the media sector as an area in need of serious transformation, due its ability to be a tool for social change and removing the scars from the apartheid era. Yet, unlike the other (English) newspapers who had been sympathizers to the liberation movement, Naspers were not put under extensive and significant pressure to transform their Afrikaans newspapers because their media content was produced in Afrikaans, which was below the political horizon of the new generation of leaders.

Naspers also adopted and changed their business operations by diversifying their business interests to generate new avenues of revenue in other markets. Naspers was part of the first group of media companies to implement cross-ownership and multi-platform entities, beyond the nominal broadcasting and print cross-ownership, venturing and developing their enterprises into other markets, specifically cellular telephony. Essentially, Naspers initiated an interlinkage, at the ownership level, between media and telecommunication interests, which had become the standardised in other global media corporations (Berger, 1994:101). This technology audacity would hold in good stead when they contemplated the move from heritage to Internet-based media.

The transformation undertaken by Naspers, in the new multiracial and multicultural South Africa, had led to the company diversifying into a new racial and social target audience, with the potential to generate a substantial amount of income based on the inclusion of a large populace of Black and Coloured South Africans. Lynette Steenveld (2004:103) viewed Naspers’ “supposed” ownership transformation, as enabling a greater diversification of their business operations in the representation of various racial groups in South Africa, subsequently

expanding the target viewership. Steenveld noted that during the formative years of the newly democratic South African society, Naspers had started to cater for the newly established middle class black market through their new newspaper *City Press*; however, this would be followed by the launch of their newly founded tabloid newspaper targeting the neglected lower black social class.

Naspers' operationalization in post-apartheid era (2000-2015)

This section is divided into two themes. The first category, the ideological aspect, focuses on Naspers' business operations in relation to assisting and fostering Afrikaans culture into a new democratic society. The second category, the practical aspect, focuses on the changes undertaken by Naspers' business operations, in terms of their journalistic practices, incorporating new technological innovations and potential threats.

Naspers' Ideological Transition

During the formative years of Naspers' business operations, in the post-apartheid era, the company underwent a difficult ideological transition in their relationship with Afrikaner culture. Naspers' had to balance and accommodate a new political reality, while maintaining their lucrative White Afrikaner support base. This saw Naspers adopt a strategy called synergy as a means of maintaining an equilibrium between their capital interests and societal challenges by using economic tools and processes. Naspers' had been placed in a unique position, a conundrum of sorts, with regards to its relationship with Afrikaans culture. To thrive in this new democratic era, Naspers formed a new business directive that distanced their operations from their previous historical and beneficial link with the National Party. Naspers had declared their support for South Africa's new inclusive 'rainbow nation' culture. But commercial interests had ensured that Naspers understood Afrikaans culture was still a valuable source of income, as their target audience (mainly White Afrikaners) represented citizens that occupied the higher economic strata (Botma, 2008:44; Wasserman and Botma, 2008:5; Wasserman, 2009:67).

Naspers' assistance in the repositioning of Afrikaans culture, in the post-apartheid era was merely their way of consolidating their Afrikaner business operations. Naspers' cultural connections and profits were, after 1994, closely affiliated with the Afrikaans community. A drastic shift of Naspers' political repositioning during that period had the potential to negatively impact on Naspers' attempts to compete for economic and cultural capital in the new

democratic South Africa. Naspers still had to be publicly seen shift away from the racial and sectarian interests at the ownership level, by discarding their exclusive Afrikaner ownership and restructure themselves into public company with diverse ownership and audience base (Botma, 2008:54).

Naspers' decision to integrate themselves into a new multicultural South African society ensured that the company was able to incorporate new audiences and diversities by distancing themselves of the practice of Afrikaner capital and incorporate emerging black entrepreneurs with the purpose of extending their operations into the global market. However, the complexity of ownership and shareholding structure enabled Naspers to maintain and shield their links to traditional Afrikaner institutions with links to the structures of the apartheid regime. The company still maintained their historic link to Afrikaner and Afrikaans culture, with a commitment to, sponsoring and promoting various Afrikaans arts and culture festivals (Wasserman, 2005 quoted in Botma, 2008:54-55).

Naspers' attempts to incorporate a new racially diverse audience, while maintaining their lucrative historical consumer market, was highlighted in their sponsorship of arts and culture festivals to promote and integrate a new niche target market by promoting Afrikaans culture, that was tailored to appeal to the entire Afrikaans community (Coloured and White members). But, the reality of the situation was quite different as most the festivals were attended by White Afrikaans-speakers creating the perception that Naspers was still supporting their historical White Afrikaans past. Naspers condemned this perception of racial segregation of the festivals, and applied strategies to attract diverse audiences; but, when one of Naspers' prominent non-white board members started to voice his displeasure at the situation not changing, Naspers decided to establish cultural festivals aimed predominantly at the non-white Afrikaans-speakers. These festivals were inclusive of the white speaking brethren as well as other (mainly 'coloured') ethnicities. Unfortunately, these cultural festivals, aimed at non-white Afrikaans-speakers, failed to gain the same notoriety or popularity as their white counterparts, due to a lack of economic and cultural capital, but it enabled Naspers to obtain a new niche target audience and diversify their businesses operations to compete for social and symbolic capital (Botma, 2008:55).

Naspers' attempts to incorporate a newly established racially diverse audience was also a means of consolidating their business operations which was based on Naspers' new political and economic connections. Naspers was part of Afrikaans establishment that had become new

partners for Black Economic Empowerment (BEE) firms and consortiums. Their rationale was to establish new Afrikaner projects, with Black partners, based on political and profit-driven interests. This was advocated by a general fear among Afrikaner media companies that the African National Congress (ANC) would use the media in the same manner as the National Party (NP) did when in power. Therefore, it became essential to ensure Black shareholders and ownership by groups who were prevented from being able to access the new post-apartheid economy (Horowitz, 2001:314-315; Jacobs, 2003 quoted in Botma, 2001:244).

Naspers' assistance in helping Afrikaans culture reposition itself in post-apartheid South Africa, was founded on their own self-interest. Herman Wasserman (2009) noted that Naspers' attempts to embrace South Africa shift towards a new ideologically and politically disposition was their attempt to protect and consolidate their position as a multinational media company in the global arena. Naspers' proposition that Afrikaans as a language and culture should adopt a new multiracial and multicultural identity and be viewed as a commodity to be sold to a niche market. Essentially, Afrikaans media would be presented as a consumer commodity that had erased or obscured their historical links with Afrikaner nationalism, however, such an achievement has been a complicated process (Wasserman, 2009:62).

Naspers' decision to shift and reposition their business operations towards a free market ideology without racial connotations did not mean Afrikaans media would occupy a neutral terrain. Interestingly, Naspers' response to the democratic transformation of South Africa would be a range of complex and contradictory processes that combined enabled the Afrikaans media not only cope, but profit from the changing environment. Firstly, Naspers' businesses operations played a reactionary role in eliciting fears from Afrikaner populace by providing, and joining in, various mobilized Afrikaner cultural groups a platform to voice their dissatisfaction and expressed their own views on the loss of stature, in the public domain, of Afrikaans. This was highlighted by Naspers managing director Ton Vosloo when he expressed his concerns about the reaction of White Afrikaners being liken to the Irish Republican Army (IRA) and other ethnic political terrorist groups regarding the loss of stature of Afrikaans in the Afrikaans paper *Beeld* (Wasserman, 2009:67-68).

Naspers used their business acumen and operations to harness the economic might held by the Afrikaner populace and Afrikaans culture. The loss of stature might have rendered Afrikaans to a lower level in the public sector and broadcast arena, but White Afrikaners still maintained their high economic positions and privileges. Subsequently, Naspers business operations, the

Afrikaans commercial media, had a lucrative audience to draw upon, thus changing the Afrikaans language into a commodity that advertisers were willing to invest. The repositioning of Afrikaans media had created a circumstance that resulted in the economic power of Afrikaans speakers to be used as a bargaining chip to ensure the continual benefits enjoyed by the Afrikaans media with a new multicultural discourse and an identifiable indicator of the identity of Afrikaner nationalism (Wasserman, 2009:70).

Essentially, the future and value of Afrikaans was being a commodity. Arrie Rossouw (2001 quoted in Wasserman, 2009:70), the chief editor of *Die Burger*, had stressed his condemnation of certain sections of the Afrikaner community for not accepting the reality of the new South African society and forming ethnocentric pressure groups to fight for the survival of Afrikaans. He saw the value of commodifying Afrikaans, as Afrikaans speakers (predominately the White speakers) could use the economic advantage of their language, once they recognized and acknowledge the ideological and political transformation taken place in South Africa. Afrikaans media would have to reposition itself strategically in creating an advantageous link between consumption, and cultural identity (Wasserman, 2009:70).

The importance of the strong economic position of the Afrikaans audience was that it provided Naspers with a motivating factor to expand their media initiatives resulting in the privatization of Afrikaans culture, as cultural artefacts such as publications and broadcasting could only be accessed by paid audiences. This was implemented through Naspers' establishment of their pay-television platform (MultiChoice) and the use of their digital satellite television network (DStv) subsidiary to channel Afrikaans-only television content (KykNet) (Wasserman, 2009:71). This illustrated the creation of a new niche market, as Afrikaans begun to withdraw from the public domain into the private sphere premised on consumption. Just as in the 1950s, which had seen Naspers' magazine covers (*Huisgenoot*) undergo a culturally-oriented shift, Naspers' Afrikaner newspaper operations had also followed in the general shift of the South African print media market towards commercialization. Serious newspaper publications changed from having heavily political content, and became geared towards lifestyle features, celebrity entertainment and promotion of conspicuous consumption (Viljoen, 2006:19).

Naspers business operations and business interests, in the Afrikaans media, would use their 'common sense' in realizing the benefits of assimilate into a new multicultural and racially inclusive society. Naspers business operations would be able to openly target a new consumer in the Black Afrikaans audience, while ensuring not to alienate their loyal lucrative and affluent

support base (White Afrikaans audiences). However, in retaining their loyal and lucrative White Afrikaner speaking consumers, Naspers had replaced their previous racial discriminatory disposition with a social class disposition, which did not affect their business operations (Wasserman, 2009: 73-74). Naspers had surmised that entry into the globalized market with a newspaper publication openly resisting transformation could be problematic for the multinational company business. Naspers's flagship newspapers (*Die Burger*) undertook the necessary changes to take advantage of the constitutional freedom and operate freely as a business.

Naspers' stature as a global media conglomerate saw their business operations lose touch with their Afrikaner cultural roots. Sethunya Tshepo Mosime (2014:68) suggested that initially Naspers were in the process of completely discarding their Afrikaans roots, and primarily focusing on profits and expanding their business enterprise. Naspers' business operations had seemingly shifted towards a profit based model at the expense of the company's Afrikaner identity, as Naspers' business operations were compromising their identity formations by placing economic benefits above fleeting hard to define ideological or cultural questions. However, Mosime coo that while there is a strong element of Naspers favouring profits over cultural identity, Naspers has tried to balance their business operations and objectives between increasing their market shares and supporting Afrikaans culture.

Naspers' business operations had retained and supported Afrikaans language, which was evident in their hegemony of the Afrikaans newspaper market and their official Website homepage offering Afrikaans language to read their content (Mosime, 2014). According to Mosime (2014), Naspers' acquisitions and mergers of their digital business operations, were concluded when Naspers sold their shares of OpenTV (a global software technology company), their rationale was solely based on the company focusing on their core business interest rather than a growth orientated approach. An elder statesmen within Naspers had expressed their displeasure with Naspers prioritizing profits over their cultural Afrikaans roots and pushed for the company to accept their traditional and original responsibility towards Afrikaans (Mosime, 2014).

Naspers technological and business growth (practical)

In the late 1990s there was an increase of web platforms that were a spinoff of old media operations. This was a means of providing regions with new outlets of information that would

enable them to access archived information and generate their own contributions. For Naspers, this opportunity for their business operations realistically provided means of servicing markets outside their borders and an opportunity to exploit part of a global market, and in doing so, ensure some African presence in transnational cyberspace (Berger, 2004:63). This was highlighted by Naspers noticing the work being done by Arrie Rossouw on their Afrikaans newspapers' online publication and incorporating him as part of the company's exclusive personnel that would devise a comprehensive Internet strategy and start the Internet division of their subsidiary, M-Web. This development would lead to Naspers launching their online newspaper publication News24 (www.news24.com).

The evolution of web platforms eventually led to Naspers deciding to hive off their Web operations into a dedicated and separate unit, with its own unique staff (Naidoo, 1999). The technological convergence had rapidly evolved into organizational divergence, duplication and dispersal. Naspers could incorporate their various publications' contents into Media24.com and employed a large separate staff to customise and translate the content into English. Their other subsidiary company, M-Web, would run an independent portal site offering online access to a number of content offerings, including the *Mail & Guardian*. Moreover, Naspers began to supply readership with content directly to cellular phones through Independent's subsidiary (I-Touch) with *Mail & Guardian* online following suite in September 2003 (Knight, 2002 quoted Berger, 2004:64-65; 67).

We need to make a comment on the interplay between different (and rival) companies here – Johnnic – Independent – Naspers --- to show that even at this stage, they were prepared to work across companies while at the same time retaining the majority share-holding. This then became a pattern in the post-2011 business deals with international companies.

However, this was not an easy process, as the chance of contributing to the global media riches seemed promising but, the turned out was different. Stand-alone web-operations that had been recently established failed dismally; while web-sites based on old-media platforms had interesting results (Berger, 2004:64). In Megan Knight's (2002:74) analysis of the evolution of Johnnic and Naspers web news, she identified that initially both companies had established a basic model of their web news, with little management support, but it has grown to the point where additional features which included and could absorb substantial investment as separate-off ventures.

Naspers implementation of technological convergence had become an essential process in their newspaper operations. Verweij (2009) noted that the exemplary structure of the news production at *Die Burger*, a flagship of Naspers Afrikaans newspaper, incorporating multi-media production and convergence. William Pretorius (senior assistant editor) and De Waal Steyn (multi-media editor), colleagues at the *Die Burger*, explained the importance of media convergence in assisting the transformation of Naspers into a global multinational media company. The structure of their multi-media production and convergence operation placed their online news production ahead of their print production and publication. Following other renowned, prominent and global multinational media companies, dissemination of breaking news would appear on their online publication, and social media sites and then the print production. This business operation is called web-first strategy, as breaking news will be seen on the Internet first, while newspapers will do an in-depth analysis (Verweij:2009, 79-80).

Naspers' stature as multinational conglomerate was based on their diversified business portfolio, which included various companies. Reg Rumney (2015:67) described Naspers' ownership pattern of being a diverse business portfolio in the new democratic society and having dominance in their respective market. Naspers' subsidiary company, DStv, had complete dominance in the pay-television market with a mushrooming of satellite dishes appearing throughout South Africa's social class locations. In the print media, Naspers presences maintained the status of the print media sector being dominated by four big companies (Independent News ad Media SA, Times Media Group, Caxton-CTP and Naspers' Media24). Keyan G. Tomaselli and Ruth Teer-Tomaselli noted that Naspers ownership of various companies resembled a Western media company (Tomaselli and Teer-Tomaselli, 2008:173; Rumney, 2015:67).

Diversification into Africa and the Global market

Naspers' interests in the expansion of their business interests into the African market was based on finding new avenues to generate more profits to their local company's monetary coffers. Naspers, as well as other South African multinational companies, sought to expand their business operations into Africa based on various interrelated reason. However, the most prominent reasons were founded on two aspects: resource-seeking and strategic asset or capability seeking investment model. Naspers' business operations on the Africa continent illustrated South Africa's economic dominance in the continent through bilateral trade and their ability to expand their relationship into significant investment in Africa (Grobbelaar, 2004:92-

93).

The fall of apartheid and rise of subsequent structures that prevented corporate activity in much of Africa, had seen South African transnational corporations like Naspers established a prominent 'African footprints' by extensively investing in Africa at various sectors (Alden and Le Pere, 2009:156). This was exemplified by Naspers subsidiary, MultiChoice, establishing its presence in Nigeria, by starting up a pay-television subsidiary company, called Nigeria/M-Net (Alden and Soko, 2005:383).

Naspers' was able to fulfil their goal of diversify their business enterprise into the African market based on the services of the subsidiary company. Naspers' pay-television subsidiary, M-Net, had decided to enter into the subscription satellite bouquet services, by establishing their own digital satellite television, named DStv, based on its economic viability (Berger, 2004:56,59). M-Net and DStv are export mechanisms for Naspers to deliver programming (local and international content) to the African continent thereby generating some revenues that is filtered back into their local profits. This was highlighted by the decision of Naspers pay-television subsidiary (M-Net) to create an all-African beauty competition, called *M-Net's Face of Africa*, in order to generate television programme material would be appealing to their rapidly increasing audience across Africa (Niemann and Grobler, 2001). The competition also enabled M-Net to interlink their core business requirement (the production of television programmes) with corporate social responsibility by becoming involved in community-oriented activities by promoting Africa's fashion industry and models (Heyns, 1999 quoted in Niemann and Grobler, 2001).

Interestingly, Naspers foray into the global market had produced unintended results within regards to their diversification process. Naspers was one of a few South African companies that had successfully penetrated the Chinese market and thrived. Naspers' business interest in China included a major stake in a Chinese newspaper, *Beijing Youth Daily*, and an Internet company with a popular instant-messaging (IM) business, Tencent. Initially, Naspers had adopted and implemented an operation model consisting of local Chinese expertise and small staff of expatriates. This approach was based on their experience of expanding the business operations of their digital satellite television (DStv) enterprise across Africa. Also, this operation model preference brand patience and deference to local expertise in their transition to China's market. However, Naspers would suffer financial losses in its early stages; consequently, the company decided to cut back on hiring expensive expatriate staff in the

country and lean more heavily on the local Chinese expertise. The head office of Naspers would mainly contribute to strategic planning, technical expertise and the supply of capital (Timberg, 2007).

Naspers investment in Tencent would also see the company draw attention to other potential IM enterprises. This was exemplified by their interest in the IM company MXit. When MXit started to achieve success, Naspers eventually purchasing and acquiring a (30%) share in MXit Lifestyle (Pty) Ltd (Mochiko, 2007). This enabled MXit to exercise their expansion plans of penetrating the global market based on the investment provided by Naspers, and allowed the company to expand to nine more countries during a three-year span (Francke and Weideman, 2008:82).

The investment by the South African companies into the Chinese market was (and remains) asymmetrical when compared with the corresponding investment of Chinese companies into the South African market. This is also true in the media sphere: Naspers' investment in Tencent represented a small fraction of print media capital that had penetrated China's market, compared to the extensive Chinese investment in South African and African print media markets.

The most pertinent aspect of Naspers investment in Tencent has been the financial rewards that have befallen the company allowing it to acquire the necessary capital to transform itself and its business operations, from a company that was reliant on Afrikaner capital into a global conglomerate. (Wasserman, 2015a:2; 2015b:114). However, the investment in Tencent had a potential detrimental effect of making Naspers too vulnerable by placing too much economic reliance on Tencent market shares. Dr Adrian Saville (2011:7-8) preached a sense of caution with regards to Naspers investment in Tencent. He argued that potential investors should be wary of the global trend of investing too heavily in social networking media companies, as Naspers had done with regards to their business portfolio. He propositioned that Naspers' business portfolios have been overpriced by the global investment market, thus they have the potential to follow the phenomenon of the dot.com bubble burst. He supported his idea by comparing the business portfolios of Naspers and another less glamorous technology company called Pinnacle and concluded that, while Naspers' business portfolio had exceptional prospects, their lesser competitor offered better investment opportunities because their business portfolio was performing slightly better than Naspers. He based his statements on the assertion that Naspers' business portfolio, while enticing to potential investors, was largely centred around their investment in two e-commerce companies, Tencent and Mail.ru, to such an extent that it affects

the overpricing of Naspers pay-television and print media platforms.

Conclusion

This chapter has highlighted Naspers business operations ability to identify niche markets and enable the company to dominate and accumulate the requisite funds required for the company to diversify and penetrate other markets. It has further outlined transnational activities of a conglomerate company that enabled their business operations to function across the globe. Finally, it has outlined the reasons Naspers has chosen to adopt and implement an ecommerce business model. This brings us to the following chapter that deals with methodology.

Chapter Four

Methodology

Introduction

The current research is a qualitative research study. Its methodology and theoretical framework combine political economy approach, and its concepts with a contextual analysis approach. It examines the role of the financial newspapers online publications, by analysing their coverage of Naspers' operations transition towards e-commerce platform. This chapter elaborates how textual analysis can be utilized in achieving the research's objectives. It will introduce the main research questions and the sub-question and the data collection method. It further presents the data source, data sample, time-period and research design of the study's analysis.

It further mentions the data collection method being two-part process. The first processing being an inductive process using pre-existing codes based on the theoretical framework to illustrate financial newspaper coverage of Naspers transition towards an economy platform. The second process is a discourse analysis of the recoded to drawing attention the financial newspapers ideological stance, and the form and tone of their coverage of Naspers.

Research Questions and Sub Question

This study is designed to illustrate Naspers transition towards an e-commerce platform within the context of its coverage by the South African financial newspapers online publication. This necessitates that the research questions be an open-ended as not to inhibit and control the scope of the research.

The main research question is the following:

In what way has Naspers' business operations transitioned from operating on heritage media platforms (print and broadcasting) to become a transnational company operating on the e-commerce platform?

The sub question to provide essential assistance in approaching the main research question.

How has the South African Press reported their coverage of Naspers?

Data Collection

This chapter focused on the process that was undertaken to identify and select the data. It further examines the method used to select the data, the origins of the data and the amount of archival newspaper.

Sources

This study has purposively selected the following South African financial newspaper archives as its data sources: *Business Day Live*, *Financial Mail (South Africa)*, *Fin24* and *Moneyweb*. Purposive sampling is implemented in specific situations where the data sampling is done with the specific intention in mind. The researcher has “deliberately selected the data samples because of their suitability in advancing the research and ability to generate data which allows for a full, in-depth and trustworthy account of the phenomenon being investigated” (Maree, 2007:178; Rule and John, 2011:64).

These four South African financial publications were chosen due to their stature and prominence as South Africa’s leading financial newspaper online publications. Archival newspaper articles are individual publications, published on their respective websites, that have been cataloged or listed and are easily accessible. Magazine, journals and newspapers with websites refer to their previous articles as archives (Rouse, 2005). The selection of online newspaper publications highlights how important the Internet has become as research instrument. “The development of computer technology and the Internet has greatly enhanced the ability of social scientists to find information, by accessing, at a speed, a vast number of networks.” (Redlawsk, 2011: n.p.; Olsen, 2014: n.p.)

It further demonstrates the impact of the Internet on research methods and every stage of the research process. “Social science researchers have often responded quite readily to shifts in the nature and scope of the technological innovations available to them, thus it would be logical to assert the researchers, from a wide range of social science disciplines would be attracted to the potential methods of the Internet”. The Internet leads researchers to an improvement in the accessibility and design of online information resources, because researchers will not have to use methods while technically proficient may not be presently tolerable (Lee et al., 2011: n.p.). In the case of this study, the accessibility of collecting online archival newspaper publications negates the various difficulties of collecting newspaper clippings and archival newspaper articles from the local library.

This study has taken into consideration the potential issue of ownership with regards to four selected South African online newspaper publications and has highlighted their ownership patterns. This study acknowledges that *Fin24* is an online newspaper publication that is part of Naspers print media platform. *Fin24* is a subsidiary of Finweek newspaper publication, which is owned by Naspers print media platform Media24. *Business Day Live* and *Financial Mail (South Africa)* are both owned by Times Media Group and *Moneyweb* is owned by a Moneyweb Holdings founded by Alex Hogg. Basically, there is a potential issue of collecting subjective data with regards to Naspers ownership of *Fin24*; however, this is balanced by the remaining purposively selected data sources being owned by other media companies not affiliated with Naspers, and will provide the relevant and essential data sample for analysis.

This study also incorporated several crucial aspects that were adopted to ensure the diversity and variety of the selection process of the data sample. The selection criteria this study used in obtain the data sampling was based on the following aspects: two of the South African online newspaper publication were selected based on being an aggregated Websites (*Fin24* and *Business Day Live*) and two were selected on selected on being independent Websites (*Financial Mail (South Africa)* and *Moneyweb*). Aggregated websites are online newspaper Websites that have amalgamated and collated a vast amount of newspaper articles from a variety of sources. Aggregated websites are problematic, in terms of being reliant on regurgitated news articles from other websites, however this is offset by their ability to encompass a huge and diverse number of online newspaper articles. Independent newspaper publications' strength and weakness is centered on their own journalists being provided with sufficient resources in their coverage and reporting of the subject matter of this study (Naspers). While their journalist has the means of an in-depth coverage on the subject matter, it is still based on their professional and subjective views (Skaggs, 2012).

Finally, three out of the four selected online newspaper publications have adopted technological convergence in their newspaper production between their print media and online publication (*Business Day Live*, *Financial Mail (South Africa)* and *Fin24*), while one of the newspaper publications is primarily based on online newspaper publication (*Moneyweb*). As discussed in the literature review chapter, newspaper have established and embraced technological convergence between their online and print media publications and have realized the importance and benefits of having an online presence (Rossouw, 2005; Verweij, 2009).

Data Sample

The data sample will be purposively selected, and the total amount was 100 archive articles from the four previously stated newspaper and were to be collated and catalogued. This study has specifically chosen the total amount of the archival articles, based on the being able to collect sufficient data sample of archival articles. This amount was chosen based on the study being able to incorporate archival articles from the four news agencies. Kobus Maree (2007:259) and Peter Rule and Vaughan John (2011:63) noted that purposive sampling is implemented in special situations with a specific purpose in mind. It involves the researcher deliberately chooses the data sampling suitable for advancing the purpose of the research. Purposive data sampling enables the researcher to obtain full, in-depth and trustworthy account of the phenomenon being researched. The size of the data sample is influenced by the purpose of the study and the resources available.

The data collection did not collect archival articles equally from the four selected news agencies, as it based the selection of articles on whether the four selected news agencies had sufficient number of archival articles in their catalogue archives in relation to the subject matter of this study (Naspers, Tencent, kalahari.net, Flipkart, RedBus and mail.ru). The initial step was to access the chosen news agencies websites. Once the respective website has been accessed, the researcher purposively searched and collected archived newspaper articles, by searching the new agencies catalogued databases using the following keywords: Naspers, e-commerce, Tencent, kalahari.net, Flipkart, RedBus and mail.ru.

Time-period

This study selected the data sample over a period of three year (25 June 2013 – 25 June 2016), as this was deemed to be a sufficient time-period to have collected the necessary data. This time-period was chosen specifically as it fell in the infancy period of Naspers' acquisition and establishment of their e-commerce platform and its acceleration. Naspers began its online acquisition in 2008 (Naspers Annual Report, 2008).

Research Design

The research design of this study adopted a qualitative approach and implemented a textual analysis (content, thematic and discourse) analysis on the data sample stated above. "Textual analysis views text as an object of suitable for analysis, in term of words or phrases or lengthy

segments.” (Fairclough, 2003) Methods for analysing data in the form of texts vary as on one end by methods that emphasize content or what was said and on the other end by methods that emphasize form or how something was said. Textual analysis focuses on just a selected few features of texts, or many features simultaneously (Fairclough, 2003; Schwandt, 2011: n.p.).

The specific textual analysis this study will be using is content textual analysis. Content analysis seeks to learn something about phenomena or individuals by examining textual and/or visual material. This assumes that textual and visual material is endowed with

behavioural patterns, values and attitudes, by those who created them. Content analysis is an inductive and iterative process of investigating data from various angles with a view to identifying pertinent information in the textual material that will assist in understanding and interpretation of the raw data and corroborate or disconfirm a theory (Berger, 1999; Maree, 2007).

Content analysis is different from hermeneutics, which analyses text to establish their essential truth and meaning. Content analysis focuses on the description of the contents of the text and establishes meaning, only in the sense of what is explicit in the words used in the text and what is implied by their use from the range of alternatives that could be employed (Brewer, 2011).

Content analysis can be used in quantitative and qualitative research. “The text can be written in various forms, such as newspaper articles, books, pamphlets, etc. The use of content analysis quantitatively is the application to texts of predetermined or indigenous categories that enumerate the contents and thus yield a description and analysis of it. The frequency of a word can be counted, as well the number of times one descriptive terms is used rather than another, the column inches devoted to one topic over another, the variants of particular words and the conceptual categories used in the text, amongst other things. By itself enumeration process may not seem to reveal, but it has limitless potential in social research (Brewer, 2011:44).

Qualitative research places great stress on the social meaning explicit and implicit in the categorizations used in the text. Content analysis can also use codes based on the data themselves, qualitative research tends to be based on induction. This implies that the contents of the text are classified in terms of its structure as embodied in the words used and the ideas, categories and concepts employed (Brewer, 2011:45).

Inductive process

The inductive process is a type of coding process called *a priori* coding process that harnesses the development of codes by using preexisting codes that have been identified prior to the examination of the data (Maree, 2007:107). In this study, the preexisting codes were identified and adopted from the concepts discussed in the theoretical approach of this study: the political economy of communication.

The methodology of data analysis employed here is commonly associated with thematic analysis. Thematic analysis is a widely and often used research method, but has not been well described. It is not a research method, rather an analytic approach and synthesising strategy used as part of the meaning-making process of many methods. Thematic analysis has five purposes:

It is a means of seeing (1), of finding relationships (2), of analysing (3), of systematically observing a case (4), and quantifying qualitative data (5). As a sense-making approach, it is a tactic for reducing and managing large volumes of data without losing the context, for getting close to or the research immersing themselves in the data, for organizing and summarizing, and for focusing the interpretation (Lapadat, 2012:926).

Thematic analysis incorporates a wide range of data sources. Primarily, researchers implement thematic analysis to textual data and have transformed audio or video records to text via transcription to analysing for themes. However, some computer-assisted qualitative data analysis software now offers the possibility of coding themes directly within digital audio and video files. For example, NVIVO is a computer assisted qualitative data analysis software specifically designed for thematic analysis of qualitative data, with theory-building capabilities. The features of the software include: coding, linking, searching, and model building, facilitate rigorous and sophisticated thematic analyses, even for large, unstructured data sets and across sites and research teams (Lapadat, 2012:926).

Stephen Buetow (2010:123) claimed that the mere recurrence of codes in data is not necessarily sufficient criteria of their importance. Reliability is also a contested criterion for establishing the truth of quantitative accounts or interpretations, for example between data analysts (Cohen and Crabtree, 2008; Gribich, 2005). Different researchers may differ in their subjective real accounts, each of which has some validity. Recurrence can be problematic to detect in thematic analysis when all data has been collected and when the importance of a particular data excerpts was not detected during a critically reflective process of preliminary data analysis (Gribich.

2005). Even re-coding the data, when possible, may make meaning more abstract than they were, just for the sake of achieving convergence and recurrence (Buetow, 2010:23).

This study implemented the following pre-existing codes associated with the theoretical framework that shapes this study, the political economy of communication approach.

Preexisting Codes/Themes

Company – This code identified the various companies mentioned in the dataset. This study defines company as an entity that is created by and for people, and its business operationalization are determine by human incorporators and operators (AllAfrica.com, 2015).

Country – This code identified the country of origin of a company and/or individual mentioned in the dataset.

Ownership Control – This code identified inferences of the dataset that mention the ownership stake of companies. This study defines ownership control as the following: “Controlling interest occurs when a shareholder, or a group acting in kind, holds a majority of a company's stock. By definition, this figure is 50% of the outstanding shares, plus one. However, controlling interest can be achieved with less than 50% ownership in a company if that person or group owns a significant proportion of its voting shares as in many cases, not every share carries a vote in shareholder meetings.” (Investopedia, 2016).

Competition – This code highlighted any references to the competitiveness of any company or location in the dataset.

Concentration – This code referenced the consolidation and expansion of corporate companies in the dataset. This theme is divided into two sub-themes: Horizontal and vertical integration (please, refer to the theoretical approach section for terminology).

Spatialization – focused on identifying the various e-commerce based platforms, Naspers’ business operations were engaged in. For example, online classifieds, e-tailing, instant messaging, mobile, etc.

Data Analysis

The data analysis process would proceed once the recoded data sample was completed. It involved the application of discourse analysis on the recoded data sample. Discourse analysis is often seen as a cluster of related methods of studying language use, in terms of talking, texts

and other forms of communication, and its role in social life. It focuses on the social phenomenon of studying language, by focusing on the actual language used by real people in their natural occurring social settings (Brewer, 2000; Brewer, 2011; Potter, 2012)

The emergence of different forms of discourse analysis in different disciplinary environments, has ensured that it is often associated with virtually any language use or related semiotic systems. However, implementing discourse analysis under specific definition can narrow or broaden the application of discourse analysis (Potter, 2011). This study applied discourse analysis with regards to its recoded data, in order to draw attention to the language used in the archival financial online newspapers publications coverage of Naspers transition towards e-commerce platform. It draws attention to the language used in the online publications to identify the ideological stance of, either leaning towards being laudatory, cynical or skeptical etc. (in simplistic terms), which in turns shapes how they report their coverage and disseminating the information to the public.

This illustrates the importance of language with regards to the organization of talk is itself the topic and because often it reveals something about the social situation in which the language is being used. In the latter regard that studies of natural language are a data collection technique, based on language being a form social interaction, it presupposes shared knowledge and it is inseparable from its social setting.

Limitations

The study's limitations vary. These include the source of the data sample, the size of the data sample and the researcher's ability to analyse the dataset. As indicated in the section data collection section, one of the chosen newspaper companies (*Fin24*) is a subsidiary of Naspers. This does bring into question the objectivity of the data sample sources if Naspers is affiliated with one of the data sources. The study acknowledges the limitations of the data sample size with regards to the unequal sample of the dataset from the data sources, as most of the newspaper articles is collected from two (*Business Day Live* and *Financial Mail*) out of the four newspaper companies.

The decision to select and confined the study to time-period (25 June 2013 – 25 June 2016) for the identification and collection of the dataset created an issue of the researcher being able to find the requisite number of newspaper articles within the allocated period. The study acknowledges the issue of validity with regards to the researcher being the only individual to

implement and undertake the inductive process (thematic analysis), using the pre-existing codes, of the dataset. The issue will be that the study did not use a second individual to decode the newspaper articles.

Conclusion

This chapter has explained the relationship and roles between the theoretical framework (political economy of communication) and textual analysis (content analysis, thematic analysis and discourse analysis) in assisting the researcher obtain the answers to the research objectives of this study. It has clarified the selection process of identifying of the data samples from the four prominent South African online newspaper publications. The chapter further clarifies implementation of the theoretical framework and its subsequent concepts with the through a contextual and thematic analysis, in recoding the data sample to draw attention to Naspers transition away, from its heritage media, towards e-commerce. It further illuminated how the online newspapers reported on Naspers transition towards e-commerce and its distribution towards its consumers.

Chapter Five

Data Analysis of the Economic Sphere

Period 2013

The central question addressed in the current research can be summarised as tracing the ways in which Naspers' business operations have transitioned from their previous heritage media platforms (print and broadcasting) towards a series of e-commerce platforms. The economic dimension of transition is predicated largely on a corporation's ability to acquire, dispose of and re-structure business entities. In turn, this would depend on the power to determine allocative control of a multinational media in the forms of (large-scale) conglomerates. Drawing on the concepts of political economy of communication discussed in chapter two above, this researched has sought to uncover the realities of a specific phenomenon, in reference to players, their activities and environment (Mosco, 2008:52).

This chapter chronologically recounts some of the main elements of Naspers' business operations within the economic sphere, as they have been recorded in the dataset on which the research is based (as discussed in chapter four). The themes under discussion include allocative control and economic activities as they occurred during the process of Naspers' transition during the years under consideration, i.e. 2013-2016. The corresponding themes of technological development, editorial content and ideological ethos are discussed in chapter six.

The environment of Naspers' business operations have been described as being operational within a company structured in a 'pyramid control system' that gives power to top management with limited voting rights for N-shareholders (Mittner, 21.04.2016).¹⁷ The difference between 'N' shares, which in simplistic terms hold fewer voting rights, the more powerful 'A' shares, is discussed in greater detail later in this chapter. Most 'N' shareholders are foreign investors (Moneyweb, 19.04.2016).¹⁸ A pyramid control system of management is one in which a hierarchical system with a powerful management system is engrained in the organisation. The key elements are a top-down structure, with a tight ownership control over everyday operations.

¹⁷ www.bdlive.co.za/business/media/2016/04/21/dollar-base-may-signal-naspers-exit

¹⁸ www.moneyweb.co.za/news/companies-and-deals/naspers-switches-us-dollar-reporting/

That means all the business decisions are made by the executives at the top of the pyramid and orders are dispersed throughout the company. In reality, Naspers' many independent sub-companies have strong editorial or managerial levels of control; however, when it comes to allocative control, the power remains firmly at top. In the beginning of the period under review (2013), the Chief Executive Officer (CEO) was Koos Bekker, who assumed that position in 1997 (Moneyweb, 20.02.2016).¹⁹ He was replaced by Bob van Dijk in 2014 ... while Bekker took a year's sabbatical before returning as non-executive chairman in 2016

Drawing upon concepts within the political economy of communication, this research reconstructed the activities, motives and effects of the owners and management of Naspers' executive team in order to test Mittner's, (21.04.2016) theory.²⁰

Mittner proposed that Naspers' Chief Executive Officer (CEO) held significant power in shaping the direction of the company's business ethos and strategy. Prior to fixed timeline for this study (27 June 2013 – 27 June 2016), Naspers' decision to appoint Koos Bekker as their new Chief Executive Officer was the catalyst that transformed the company into focusing heavily on Internet related business. Spillane and Campbell (20.05.2015)²¹ explained how Koos Bekker was able to change the fortunes of the company into an Internet-based company:

Naspers is almost unrecognizable from the company Bekker took over as Chief Executive Officer in 1997. At the time, it was called Die Nasionale Pers, or The National Press, and was principally known as the publisher of *Die Burger*, an Afrikaans- language daily that was a staunch defender of apartheid. (Spillane and Campbell, 20.05.2015).

In the late 1990s, the company was still linked to its ideological (Afrikaner nationalism and apartheid) past and was seen as print media company. The change was achieved by investing a large amount of money, thirty-two million United States dollars (USD) of their market capitalisation into an obscure Chinese social networking company called Tencent (Spillane and Campbell, 20.05.2015). The fortunes of Tencent will be a recurring theme throughout this dissertation.

Koos Bekker, through his position as Naspers Chief Executive Officer, was able to transform Naspers and change their business ethos by adopting a new business strategy consisted of investing heavily in e-commerce business avenues (Mokgata, 19.12.2013);²² and Bekker was

¹⁹ www.moneyweb.co.za/moneyweb-radio/from-farmers-son-to-global-digital-success/

²⁰ www.bdlive.co.za/business/media/2016/04/21/dollar-base-may-signal-naspers-exit/

²¹ www.moneyweb.co.za/news/companies-and-deals/koos-bekker-has-made-67bn-on-chinas-web/

²² www.financialmail.co.za/moneyinvesting/2013/12/19/koos-bekker-sas-media-revolutionary/

able to see the beneficial rewards quickly. At the end of September 2013, Naspers had generated a large amount of revenue through their Internet related businesses, compared to their pay-television interests (Kruger, 26.11.2013)²³.

Period 2014

A closer examination of the newspaper articles under review indicated that in the year 2014, the position of Naspers' Chief Executive Officer (CEO) would undergo a process of change; but the business strategy and ethos, established in the previous year (2013) of investing heavily into Internet businesses ventures (e-commerce) would continue. The dataset, specifically articles by Hilton Tarrant (24.02.2014)²⁴ and Christopher Spillane and Andre Janse van Vuuren (24.02.2014),²⁵ explained that after Koos Bekker stepped down from his position as Naspers' Chief Executive Officer he took a year's sabbatical. On his return in 2015, he assumed the role of Naspers' non-executive chairman.

The position of CEO was filled by Bob van Dijk in 2014. Van Dijk was an individual with extensive knowledge of e-commerce, and Naspers' had already hired him to be their head of e-commerce. Previously he had been the head of the German branch of Internet auction operator *eBay*, and chief operating officer of the online classifieds media company *Schibsted ASA* (Spillane and Janse van Vuuren, 24.02.2014). More importantly, van Dijk was tasked with evolving Naspers' e-commerce businesses. He was tasked with unlocking the Naspers' unprofitable Internet investment, through his extensive experience in e-commerce. While some of Naspers' Internet business ventures have been highly successful (Tencent and Mail.ru come to mind), their other Internet assets had yet to generate substantial income. Some of these e-commerce business assets were viewed as valuable assets but were just in their early stages of development, while others are consuming too much cash and dragging down Naspers (Jones, 27.02.2014).²⁶

Wendell Roelf's (09.07.2014)²⁷ article further explained that Bob van Dijk envisioned transforming Naspers into a predominately mobile company, by bringing Naspers' stable of e-commerce businesses and auction sites to tablet and smartphone devices. Van Dijk further stated that as the company adjusted itself to becoming a mobile company, Naspers would

²³ www.fin24.com/Companies/ICT/Naspers-globalisation-increasing-at-rapid-pace-20131126

²⁴ www.moneyweb.co.za/archive/what-next-for-naspers-as-koos-bekker-steps-down/

²⁵ www.moneyweb.co.za/archive/bekker-says-naspers-must-focus-on-ecommerce-under/

²⁶ www.financialmail.co.za/fm-fox/2014/02/27/naspers-focus-shifts-to-internet/

²⁷ www.moneyweb.co.za/archive/naspers-to-be-reinvented-as-mobile-powerhouse-ceo/

predominantly be operating in the Internet business, as compared to previous years.

Period 2015

Regarding the issues of economic allocative control, Thabiso Mochiko's article titled *Naspers pulls India into its online web* (06.07.2015c)²⁸, detailed Bob van Dijk's decision to expand Naspers' e-commerce business in India. This move was based on the potential of the subcontinent's region to grow at a similar rate to that of Tencent, and fall under Naspers' new mandate for evolving their e-commerce business by focusing their investment outside mature markets, and regions with strong Internet development, and allocating capital to high-growth opportunities. In part, this strategy was also done in the hope of reducing its reliance on Tencent, a theme to which this dissertation will return.

Mochiko's article further explained how Naspers was able to implement their new mandate with Bob van Dijk investing a huge amount of money on e-commerce business ventures, since he believed that their e-commerce ventures were growing fast, and becoming sizable and it enabled Naspers to gain market share:

Naspers spent R10.7bn on its ecommerce and video entertainment businesses, with the bulk going towards investing in ecommerce assets. Naspers's CEO Bob van Dijk says some of its ecommerce investments are growing fast and becoming quite sizeable. "They will become more important for the group and balance the portfolio," he says [...] Although Naspers's other internet and ecommerce businesses have drained cash for a while, gaining market share is key as it will help to monetise the businesses. (Mochiko, 06.07.2015c)

One of the articles, a transcript of *Business Day Live TV's* interview with Bob van Dijk (Business Day Live, 01.12.2015a)²⁹, questioned Van Dijk's ability to maintain Naspers' rapid expansion of their e-commerce businesses while suffering heavy financial losses 3.8 billion South African Rand (ZAR) [ZAR 3.8bn]. Van Dijk responded by acknowledging that Naspers' e-commerce businesses, while fast-growing, were also a mixture of businesses at the infancy stage, and thus would continue to consume substantial capital. In addition, he argued that there were a number of e-commerce businesses that had good trading profit growth and a lot of potential for growth.

[S]everal of our ecommerce businesses are growing exceptionally rapidly and a number of our profitable ecommerce business [...] like Allegro, like our

²⁸ www.bdlive.co.za/business/technology/2015/07/06/naspers-pulls-india-into-its-online-web

²⁹ www.bdlive.co.za/business/media/2015/12/01/business-day-tv-naspers-up-beat-on-e-commerce-businesses

European classified business, that's showing strong profitability growth as well. Transcript service, 01.12.2015a).

Period 2016

The dataset provided limited information for the year 2016 in terms of economic allocation and management strategy. The only real point of interest was that Bob van Dijk had a mandate to invest in e-commerce businesses outside mature markets, particularly in those countries with strong Internet access and high growth opportunities. Thus, Van Dijk decided that a number of countries on the Africa continent meet those criteria. He considered Nigeria has the initial stage of entry for the company's e-commerce business in Africa (Prinsloo, 23.03.2016)³⁰.

Economic – Activities

Period 2013

Media concentration involves the increasing control and influence of a few large media companies, through the outcome of three interlinked distinct process: integration, diversification and internationalisation (Murdock and Golding, 1973:213). There are two types of integration: horizontal and vertical integration. Horizontal integration occurs when firms acquire additional units at the same level of production, while vertical integration involves the acquisition of units at different levels. These processes are usually dependent on the senior management of a company, who shape and decide their respective company's business strategy of acquisitions and mergers that determine the strategy of horizontal or vertical concentration, diversification and internationalisation Murdock and Golding, 1973:213).

The dataset yielded that during the period under review, Naspers were in the process of expanding their business portfolio through the acquisition of businesses in emerging markets. Naspers's Chief Financial Officer, Steve Pacak, explained the company's position by stating that their bond had outperformed the industry standards, "with yield rising 82 basis points since May 22 [2013], compared with the average gain of 103 basis points in the J.P.Morgan Chase & Co. CEMBI Telecom, Media and Technology" (Moneyweb, 04.07.2013).³¹

In the year 2013, the dataset suggested that Naspers' had decided to invest in two e-commerce

³⁰ www.bdlive.co.za/business/media/2016/03/23/naspers-forecasts-slow-down-in-profit

³¹ www.moneyweb.co.za/archive/mailru-to-dstv-bolster-naspers-bond-appeal-sacred/

companies, one from China called Tencent, and the other from Russia called Mail.ru. These acquisitions are the clearest examples of Naspers' transnational business dealings. These two companies, specifically Tencent, were the catalyst that triggered Naspers' transformation into an e-commerce based company of great note, when Koos Bekker began to invest in technology and media companies globally (Spillane and Janse van Vuuren, 24.02.2014).³²

Bekker became head of Naspers in 1997 and began investing in technology and media companies around the world, including China's Tencent Holdings Ltd. and Russia's Mail.ru Group Ltd. The company's market value has risen to 530 billion rand (USD 48 billion), making it Africa's largest company by that measure. One rand invested in the company's shares in October 1997, when Bekker became CEO, would be worth 24 rand now, according to Naspers. (Spillane and Janse van Vuuren, 24.02.14)

Bekker had decided to invest fifty percent [which would be further diluted to thirty-four percent] into a little known Chinese company called Tencent. In 2011, Naspers' management were unaware of the substantial and potential monetary windfall in their investment in Tencent, until the company began to have financial success for Naspers in late 2012 and early 2013. The financial success was evident in Naspers' market share prices which doubled from "being two hundred fifty Hong Kong dollars (HKD 250) to five hundred eighty Hong Kong dollars (HKD 580)". When converted into South African Rands, based on a significantly weak rand compared to the Hong Kong dollar, Naspers' market shares were more than doubled from mid-five hundred rand [ZAR 500] to nearly one thousand three hundred (ZAR 1300) within a period of year (Tarrant, 24.02.2014)³³. The technological aspect of this investment will be extrapolated in the technological section.

The year 2013 further saw Naspers initiate their newly adopted strategy of expanding their business network through the acquisition of businesses, especially Internet-related business in emerging market. The dataset highlighted that Naspers had planned on funding their acquisition process by selling their bond stocks to potential foreign investors. These sales were initiated on July 8, 2013. According Steve Pacak, Naspers' Chief Financial Officer, the initial offering through Naspers' subsidiary Myriad International Holdings (MIH) was tentative, with the purpose of identifying and gauging investor appetite. It was notable that this sale was the first occasion on which a major act of vertical or horizontal acquisition was initiated and handled

³² www.moneyweb.co.za/archive/bekker-say-snaspers-must-focus-on-e-commerce-under/

³³ www.moneyweb.co.za/archive/what-next-for-naspers-as-koos-bekker-steps-down/

by someone other than Koos Bekker, before he stepped down, and Bob van Dijk (who would later replace Bekker as Naspers new Chief Executive Officer). This indicated a growing maturity in the global corporation, in which the issue of allocative control, discussed in the section above, was widened from the direct strangle hold of the company's CEO. The initial listing was considered successful, since outperformed the industry standards (Moneyweb, 04.07.2013).³⁴

According to Chris Spillane (12.07.2013)³⁵ and Lyubov Pronina and Boris Korby (15.07.2013)³⁶ Naspers were in the process of selling bonds that were approximately worth five hundred million (USD 500m) to one billion (USD 1bn) United States dollars. Naspers had initiated their "bond road show on Monday to gauge investor appetite for debt sold by its unit Myriad International Holdings" (Spillane, 12.07.2013). Furthermore, Steve Pacak stated that Naspers still had a debt capacity of five hundred million dollars (USD 500m) to fund further acquisitions. This would eventually lead to the company acquiring shares in Flipkart Online Service.

In particular, Naspers plans to add to its portfolio of overseas assets [...] the firm already has enough debt capacity for USD 500m of acquisitions, chief financial officer Steve Pacak said on June 25. Naspers was one of three investors in a USD 200m funding round for Flipkart Online Services, the Indian online retailer said on Thursday. (Spillane, 12.07.2013)

The evolution of mass communication as commodities that are produced and distributed by profit-seeking organization, has seen a trend of increased expansion to sectors outside traditional media industries divisions and into new converged businesses. Naspers had also acquired several new Internet businesses and increased its shareholdings in existing markets. These investments would cost a substantial amount of money, four billion one hundred thousand rand (ZAR 4.1bn), and saw Naspers acquire an additional "8.6% in Flipkart Private, increasing their interests to 16.7%" (Kruger, 26.11.2013).³⁷ Naspers acquired an effective eighty percent (80%) shareholding in RedBus, an Indian online ticketing platform. The sum total of Naspers's acquisitions was approximately four billion rand (ZAR 4bn) paid through Naspers' cash reserves or the use of existing credit facilities (Kruger, 26.11.2013).

Period 2014

³⁴ www.moneyweb.co.za/archive/mailru-to-dstv-bolster-naspers-bond-appeal-sa-cred/

³⁵ www.bdlive.co.za/business/media/2013/07/12/naspers-mulls-1bn-debt-sale-to-grow-global-portfolio

³⁶ www.bdlive.co.za/business/media/2013/07/15/naspers-plans-to-use-funds-from-debt-sale-for-acquisition

³⁷ www.fin24.com/Companies/ICT/Naspers-globalisation-increasing-at-rapid-pace-20131126

An exploration of the newspaper articles noted that 2014 saw a change in leadership as Naspers's Chief Executive Officer, Koos Bekker, stepped down and was replaced by Bob van Dijk. Yet, Naspers were still implementing their plan of investing a "substantial amount of money (seven billion rand [ZAR 7bn]) in a twelve-month span to expand their digital television network in east and west Africa, subsidize set-top boxes and advertise its online classified ventures" (Spillane and Janse van Vuuren, 24.02.2014).³⁸

Drawing upon the concepts of media concentration, which were explained in chapter two, the dataset drew attention to Naspers' strategy of handling the difficulties of the South Africa e-commerce market. Naspers decided to consolidate their various national (South African) e-commerce businesses into one online general retailing Website. Ray Mahlaka (14.03.2014)³⁹ explained that Naspers, (operating under their South African based online investment firm – MIH Internet Africa) decided to pull the plug on some of their e-commerce Websites that focused on online retail products. Rather, Naspers' decided to adopt a new strategy that primarily focused on their core online shopping business, kalahari.net, which specialised in general retail products.

The technology company shut down clothing business, Style 36; furniture business, 5 Rooms;, and SACamera. Naspers says it will focus on its core online shopping business, kalahari.net, which specialises in general retail products. According to Remo Giovanni Abbondandolo, chief marketing officer of the companies Africa Internet Accelerator (AIA), Style 36, 5 Rooms and Kinderelo, the plan is to "grow aggressively over the next year" (Mahlaka, 14.03.2014)

Interestingly, online retail company takealot.com, a rival company of kalahari.net, had acquired more than one hundred million dollars (USD 100m), to assist their businesses expansion throughout South Africa and into Sub-Saharan Africa. Takealot.com's major investors, Tiger Global Management, believed that the South African e-commerce industry would steadily grow and this would be led by surge of online shopping (Phakathi, 26.05.2014).⁴⁰

South Africa's internet economy has steadily grown over the years, in part because of the surge in online shopping. It is estimated to be worth more than R59bn, making up 2% of the economy. It is expected to grow its share to as much as 2.5% by 2016 [...] the injection of cash allowed the company to aggressively grow the business and "take us to the number-one position in the South African market in the very near future". "We have a focused and top-notch management team, fantastic staff and extremely supportive shareholders. (Phakathi, 26.05.2014)

³⁸ www.moneyweb.co.za/archive/bekker-says-naspers-must-focus-on-ecommerce-under/

³⁹ www.moneyweb.co.za/archive/online-shopping-is-sa-ready-for-it/#

⁴⁰ www.bdlive.co.za/business/retail/2014/05/26/takealot.com-raises-more-than-100m-for-african-expansion/

Fascinatingly, when kalahari.net and takealot.com decided to merge their respective companies, the merger highlighted both parties' business ethos of consolidation (kalahari.net) and expansion (takealot.com). Matthew le Cordeur's (07.10.2014b)⁴¹ article described the merger between (Naspers' owned) kalahari.net and takealot.com (owned by Tiger Global Management) as a by-product of a highly competitive South African e-commerce market, which still maintained a low total retail percentage. Both business companies understood that they did not have the requisite market scale needed to guarantee a healthy business, since they were making substantial losses. The merger enabled both companies to develop "a greater consumer e-tailer proposition" (le Cordeur, 07.10.2014b), through both parties (Naspers and Tiger Global) deciding on a forty-one percent (41%) split of the equity in the deal. Both companies decided that since takealot.com had gained strong momentum, compared to kalahari.net, the takealot.com brand would be better suited to take the merged business to the next level. Le Cordeur further stated that takealot.com had already acquired sixty percent (60%) of Mr Delivery, an online food service delivery, which would be rebranded as Mr D, and acquired full ownership (100%) of "a Cape Town-based design and apparel e-tail" (le Cordeur, 07.10.2014b), called Superbalist.com. These market movements clearly highlight the processes of both vertical and horizontal integration discussed in chapter two. Furthermore, they are pertinent examples of multicompany cross-ownership transactions, where competitors come together for their mutual advantage, and thereby introduce a level of concentration into the market. This concentration, however, frequently, is opaque to the consumer, since the sub-companies operate under separate names and branding.

Thabiso Mochiko's (11.07.2014c)⁴² article simply showed that the South African branch of Tencent's instant messaging company, WeChat Africa, had acquired a secondary online radio station called *CliffCentral*, through a partnership between both entities. This enabled WeChat users to stream *CliffCentral's* online content from their WeChat app. This partnership will be discussed in greater detail in the editorial content section.

Sasha Planting's (20.03.2014b)⁴³ article, titled *Naspers, Tencent and the Israelis*, highlighted the notion that was discussed in the allocative controller section, of Naspers's e-commerce strategy of focused on emerging markets, with Internet development and high growth opportunities. Planting's article explained that Naspers' had invested in an Israeli-based e-

⁴¹ www.fin24.com/Tech/News/Naspers-CEO-Merger-vital-for-SA-etail-growth-20141008

⁴² www.financialmail.co.za/features/2014/07/11/wechat-big-brother-support/

⁴³ www.moneyweb.co.za/archive/naspers-tencent-and-the-israelis/

commerce start-up, called *SimilarWeb*, that was in the market for a third round of venture capital funding. Naspers's investment ensured that they were able to secure a seat at the holding company's board, *SimilarGroup*.

Planting (23.06.2014a)⁴⁴ further explained that Naspers had used a substantial amount of money for their acquisitions and development strategy in increasing their business operations, especially the e-commerce and digital terrestrial television platforms. Naspers' expenditure had already increased exponentially, compared to the previous year, by seventy-nine percent (79%). Naspers used the increased capital to acquire an additional eighteen percent (18%) stake in a company called *Souq Group*. This investment increased Naspers' interests in the company to 47.6%. *Souq* is an online retailer, marketplace and payment platform business, with operations in the United Arab Emirates (UAE), Saudi Arabia, Egypt and Kuwait. Naspers also purchased an additional interest in Flipkart Private Limited (India), for one billion nine hundred thousand rand (R1.9bn) to increase their interests to 17.7%.

Internet and e-commerce company Naspers is investing heavily in future growth and in its 2014 financial year ploughed R7.7 billion into acquisitions and development in its e-commerce and digital terrestrial television businesses. This was a 79% increase on last year's investment. As a result of this, core headline earnings for the year were flat at R8.6 billion, while consolidated revenues grew 26% to R62.7 billion. (Planting, 23.06.2014)

Chris Spillane's (25.11.2014)⁴⁵ article stated that Naspers had expanded their online adverts business with a joint venture business collaboration with a Norwegian (Oslo) based company called *Schibsted ASA* and this joint venture would situate their business across four countries. Naspers used their expanded capital to also consolidate their online classified services (through their OLX brand), by purchasing yet further additional interests in Flipkart. While at the same time they acquired more Internet-based business in the southeast Asia and eastern Europe region and purchased an eighty percent (80%) stake in India's largest online bus ticket portal service company redBus.com (Roelf, 9.07.2014).⁴⁶

Naspers had very little exposure in the Europe terrain; most of their holdings and acquisitions were in the 'emerging markets' of South-East Asia, Eastern Europe, the Middle East, Africa and to a lesser extent, South America. This goes to the theoretical domain of 'spatialization'. In an attempt to consolidate their e-commerce businesses and continue their strategy of

⁴⁴ www.moneyweb.co.za/archive/naspers-aggressively-expands-into-mobile-internet/#

⁴⁵ www.moneyweb.co.za/uncategorized/naspers-h1-heps-up-22/

⁴⁶ www.moneyweb.co.za/archive/naspers-to-be-reinvented-as-mobile-powerhouse-ceo/

investing in emerging markets, in 2014 the corporation initiated the process of selling their Swiss online retailer company Ricardo.ch.

Naspers, the South African part owner of Russia's largest social network [mail.ru], was considering a sale of Ricardo.ch, Switzerland's largest online retailer [...] Preparations for a sale were at an early stage [...] The site, which sells fashion and electronics and operates online marketplaces for cars and other products, might be valued at as much as USD 500m, two people said. It could attract bids from Swiss media groups Ringier and Tamedia [...] "The sale of Ricardo will free up capital for ongoing investments in emerging market ecommerce," BPI Capital Africa analyst Kate Turner-Smith. (Schweizer et al., 12.07.2014)⁴⁷

In relation to Naspers's Chinese subsidiary, Tencent, business acquisitions and mergers, the dataset showed that Naspers' e-commerce business operations were bolstered indirectly, through the acquisition of the Chinese-based company 58.com. Naspers' subsidiary Tencent was in the process of purchasing (19.9%) stake in 58.com. This purchase would be beneficial for both Tencent and 58.com. Tencent users would be have an expanded choice of local service and merchants available, while 58.com would be assisted by the building of their user base, by capturing traffic from Tencent's messaging services WeChat and QQ. The deal was also expected to broaden Tencent's e-commerce platform, add customers and increase revenue (Mochiko, 10.07.2014b).⁴⁸

Naspers will accelerate its investment in ecommerce — especially classifieds businesses, where it sees significant future growth. Naspers's classifieds operations are available in 30 countries, but only six are profitable. Of the R5,6bn developmental investment it spent in the year to March in ecommerce, 65% (R3,64bn) was in online classifieds businesses like OLX. Farai Mapfinya, the head of equities and portfolio management at JM Busha Asset Managers, says the deal is "very positive" for Tencent and, consequently, for Naspers [...] "In our view, this simply means Tencent is expected to contribute more in terms of synergies resulting from the tie-up. (Mochiko, 10.07.2014b)

Period 2015

In the year 2015, Naspers' heritage businesses (print and broadcast) were engaged in significant operations that drew attention to principles associated with the political economy of communication. The dataset highlighted that principles of consolidation and vertical integration were evident when Naspers' subsidiary, *Media24*, decided to launch their own

⁴⁷ www.bdlive.co.za/media-advertising/2014/07/12/naspers-plans-sale-of-swiss-retailer/

⁴⁸ www.financialmail.co.za/fmfox/2014/07/10/naspers-china-tie-up/

newswire service. Naspers were incentivised by the closure of the South African Press Association (SAPA) that vacated a national market ready to be captured by private businesses. The launch of the newswire service would fall under Naspers' "digital division, 24.com", and the newswire service "would be called News24Wire" (Vecchiato, 05.03.2015).⁴⁹ The newswire division would provide breaking news nationally and the wire would be supplemented with a copy from the *Mdia24* stable. This was an example of vertical integration, as Naspers had established a company that operated within their heritage media platforms (print, and broadcasting), as well as the multimedia platforms (digital platform). Content from News24Wire would be freely distributed to all their digital publications within the Naspers stable, and for syndication for a requisite fee by print, television broadcast, radio and their corporate partners. Naspers' decision underlined their attempt to consolidate their print media division, by establishing a business that controls the dissemination of national content (breaking news), throughout their media platforms. In addition, Naspers were able to generate a capital from the business by selling their services to corporate partners (Vecchiato, 05.03.2015).

Coming back to a process that had begun in the previous year, 2014, and reported on above, Belinda Cao's (08.01.2015)⁵⁰ article provided further information on the merger between kalahari.net (Naspers owned) and takealot.com (Tiger Global Management owned). Cao claimed that Naspers acquired shares in United States of America-based company, Tiger Global, while Tiger Global provided one hundred million dollars (USD 100m) start-up capital for takealot.com. [This matter will be discussed in further detail in the question two section.] The dataset noted details of the benefits of Naspers--owned kalahari.net merger with takealot.com, in which the takealot.com brand retained and kalahari.net phased out, in terms of accelerating Naspers' online shopping business in Africa (Mochiko, 29.01.2015).⁵¹

When Netflix announced that they were expand their online service to various countries globally, including South Africa, Naspers decided to quickly act and consolidate their market share in pay-television market, their subsidiary MultiChoice. Naspers decided to establish their own video-on-demand online subscription service called ShowMax. ShowMax was launched in August 19, 2015 (Vermeulen, 19.08.2016).⁵² The dataset highlighted that Naspers'

⁴⁹ www.bdlive.co.za/media-advertising/2015/03/05/24.com-to-launch-news-wire-service/

⁵⁰ www.bdlive.co.za/business/technology/2015/01/08/naspers-follows-tencent-up-on-market-support/

⁵¹ www.financialmail.co.za/money-investing/2015/01/29/naspers-online-retail-beckons/

⁵² <https://mybroadband.co.za/news/broadcasting/135750-showmax-were-better-than-netflix.html>

subsidiary for the video-on-demand market, ShowMax, had entered into a partnership with Telkom; which saw a business entity capable of “spending billions of rand to deploy fibre infrastructure to homes to provide superfast speeds for suitable video streaming”, “partner-up” with another business with “more than twenty thousand [20000] episodes of television series and movies” (Mochiko, 09.12.2015h).⁵³ The partnership would involve Telkom’s new and existing clientele stream ShowMax video content for free on certain packages (Mochiko, 09.12.2015h) Spillane’s (26.11.2015b)⁵⁴ article further claimed that Naspers had reached an agreement with Samsung Electronics that involved the inclusion of a ShowMax app on their smart television service, as Naspers sought to expand their video-streaming service to three new continents. Naspers further sought to expand their viewership clientele, by targeting more than fifteen million potential customers outside the home market of South Africa, by providing content across Europe, North America and Australasia. This situation illustrates the vulnerability brought on by the digital competitive environment. Naspers’ stranglehold on the subscription television market was threatened by an alternative technology – that of direct online streaming. This unexpected blow was to result in the later development of the online competitor, ShowMax, discussed below. Thus, as soon as Naspers realised the importance of the impending release of Netflix, they in turn attempted to expand their own business vertically (by introducing ShowMax) and horizontally (by expanding their business into new geographic territories).

Sikonathi Mantshantsha’s (26.03.2015)⁵⁵ article explained that Naspers had grown their investment in e-commerce, online retail, online classifieds and payment systems globally, with their online classifieds having a footprint in over forty countries. Naspers purchased a 40.22% interest in a Nigerian based start-up company called Konga Online Shopping. Naspers also established online classified joint venture with Schibsted Media Group, who operated in Singapore, Brazil, Indonesia, Thailand and Bangladesh. Naspers’ growth and expansion of their investment would see the company head towards a record market share price.

The Naspers share price is heading for a record R2 000 on the JSE, the first stock to command such a price. The technology group’s shares have been driven hard by the phenomenal growth in Naspers’s 30% investment in Chinese Internet and social media entity Tencent Holdings, as well as ecommerce ventures in Russia and Europe. Last week Naspers hit R1 857,63/share, its p:e [price per earnings ratio] soaring well above 107, before easing back to the

⁵³ www.bdlive.co.za/business/technology/2015/12/09/telkom-teams-up-with-showmax-for-video-on-demand

⁵⁴ www.moneyweb.co.za/news/companies-and-deals/naspers-said-to-plan-global-showmax-expansion-to-take-on-netflix/

⁵⁵ www.financialmail.co.za/money-investing/2015/03/26/naspers-sticking-to-growth-markets/

current R1 800. (Mantshantsha, 26.03.2015)

Christopher Spillane and Matthew Campbell's (20.05.2015)⁵⁶ article suggested that Koos Bekker had used the capital from Naspers' pay-television division department to plough funds into numerous technology businesses globally. Most of those investments were "bled money", as "online retailers in Africa had to be shut down" and Naspers took and substantial loss on a "Chinese Internet service provider. [...] When Naspers purchased half of Tencent (it has since been diluted to thirty-four percent [34%]), the company was a fledging player in a country with minimal Internet use. Now, Tencent has more than a billion users had producing record profits from this vast range of online businesses." (Spillane and Campbell, 20.05.2015).

The dataset stated that Naspers had invested heavily, to the tune of ten billion seven hundred million dollars (USD 10.7), to strengthen their video-entertainment (pay-television) businesses across the African continent and grow its e-commerce businesses. Naspers strengthened their position in the video-entertainment markets by investing incrementally in people, technology, content and marketing. Naspers' video-entertainment segment generated forty-two billion four hundred million-rand (ZAR 42.4bn), but was offset by the two billion four hundred million-rand (ZAR 2.4bn) Naspers's subsidiary, MultiChoice, spent on digital terrestrial pay-television platform outside South Africa, resulting in the trading profit contracting by six percent to eight billion rand (ZAR 8bn). Naspers invested the eight billion rand (ZAR 8bn) into their e-commerce businesses (Mochiko, 30.06.2015).⁵⁷ This information points to the fact that even while Naspers targeted the ecommerce arena, they did not neglect their heritage media businesses, in this case, their international pay-television platform. The point will be raised again in the final discussion of the ideological thrust of the Naspers business.

In terms of Naspers business operations, the dataset noted that Naspers' Indian subsidiary, Flipkart (India's leading online retailer), had established a joint venture plan that enabled the company to adopt a low-tech approach to service deliveries. Flipkart had joined forces with the local (Mumbai-based) dabbawallas, local bicycle riding deliverymen who are ever-present in the city of Mumbai, as they go about picking up home-cooked meals in residences and delivering them to workers in local offices. The joint venture between both parties will involve the dabbawallas going to Flipkart's distribution centres and picking up deliveries for clientele,

⁵⁶ www.moneyweb.co.za/news/companies-and-deals/koos-bekker-has-made-67bn-on-chinas-web/

⁵⁷ www.financialmail.co.za/media-advertising/2015/06/30/naspers-ploughs-10.7bn-into-growth-sectors/

who are part of the lunch collection routine. This partnership is Flipkart's attempt of challenge Amazon's presence in the growing Indian e-commerce market (Crabtree, 13.05.2015).⁵⁸ Here again we see that the business models adopted by Naspers were flexible and oriented to local conditions, rather than being driven solely by a technocentric thrust.

The dataset drew attention to Tencent's investment in a United States-based smartphone gaming company, Glu Mobile. Tencent invested one hundred twenty-six million dollars (USD 126m) by purchasing fourteen percent (14.6%) in Glu Mobile. The new partnership added a portfolio of shooter, action and narrative role-playing games to Tencent's mobile content. Tencent's senior vice-president (Steve Ma) claimed that "Tencent [were] attracted to Glu Mobile due to its five-year growth track record" (Chen, 30.04.2015a)⁵⁹ and collaboration between both companies would enable Glu to tailor its games more powerfully by tapping into Tencent's resources. Tencent's also owned stakes in Activision Blizzard and Riot games. Tencent's interest in smartphone games were based mainly on in-app purchases (Chen, 30.04.2015a). (In-apps will be discussed in more detail in the section covering 'content' below.)

Carsten and Richwine's (12.05.2015)⁶⁰ article showed that Tencent had acquired exclusive deals with some of the "biggest names in Hollywood, who were eager to piggyback" on their success. Tencent had acquired streaming rights to "Twenty-First Century Fox Inc's FOX, FOX Sports and the National Geographic Channel", which also included various rights for "Sony Corp's Sony Music Entertainment, Warner Music Corp, Time Warner Inc's HBO network" and the U.S. National Basketball Association (NBA). While their competitors were also spending heavily to acquire content, with Alibaba spending three billion five hundred million dollars (USD 3.5bn) on stakes in video, music and gaming firms, including a minority share of Youku Tudou Inc, one of China's biggest Internet video services. Alibaba is Tencent's closest rival in China. An online retailer that does business in over 200 countries, it vies with Tencent as the most lucrative retail business globally. Alibaba also has a music distribution deal with Germany's BMG and two of Taiwan's biggest labels. It also partnered with Hollywood studio Lions Gate Entertainment Corp to offer a subscription streaming service in China. It is significant that Naspers has no financial dealings with the United States with the single exception of a content acquisition office in San Francisco, set up for the sole purpose of

⁵⁸ www.bdlive.co.za/asia-pacific/2015/05/13/now-dabbawallas-deliver-parcels-as-well-as-hot-curries/

⁵⁹ www.moneyweb.co.za/news-fast-news/tencent-to-invest-126m-in-kim-kardashian-game-developer/

⁶⁰ www.moneyweb.co.za/news-fast-news/wechat-is-tencents-ace-in-chinas-online-entertainment-race/

acquiring content for its various mobile and video/film distribution platforms.⁶¹

Lulu Yilun Chen's (07.10.2015b)⁶² article stated that Tencent had partnered-up with their main rival, Alibaba, to establish and consolidate their market share in China's competitive e-commerce industry. Tencent and Alibaba decide to merge their respective start-ups in a fifteen billion (USD 15bn) deal. Meituan.com (partly owned by Alibaba) and Dianping.com (backed by Naspers) were opponents that offered local services online, before the merger. The deal between both parties would create a clear leader in a crowded market, divide China's promising Internet business between them and boost their own profits while freezing out competition. In addition, the merger between Meituan.com and Dianping.com had since was the second time Alibaba and Tencent had entered into a cooperating partnership, the first time was when both parties merged their respective online taxi-hailing service (Didi Dache – Tencent owned and Kuaidi Dache – Alibaba owned) to create Didi Kuaidi. While Tencent and Alibaba were cooperating in the online news service market, both companies are still competing heavily in their respective strongholds of instant messaging (social media) and e-commerce. In the e-commerce market (online retail) Tencent has struggled to compete with Alibaba and decided to fold their online retail assets into a venture with another company, called JD.com, to create a stronger second-ranked operator (Moneyweb, 11.11.2015b).⁶³

Sasha Planting's (06.07.2015a)⁶⁴ article examined Naspers' joint venture agreement with Scandinavian e-commerce rival Schibsted. Both parties had decided to declare a truce and establish a single business for the development of their online classified platforms in Brazil, Indonesia, Thailand and Bangladesh. Both parties realized that they had wasted their marketing budget without obtaining any returns, for instance in Brazil OLX (Naspers owned) and Bomnegocio (partly owned by Schibsted) had been battling for market supremacy without establishing a clear leader. Now, the merger between them enabled Naspers and Schibsted to establish a clear market leader (OLX brand was retained, while the Bomnegocio was phased out) and soon be profitable. The article further noted that revenue generated by Tencent and Mail.ru was reduced as a result of the investment expenditure, which saw Naspers increase their stake in Flipkart (based in India), Souq.com (who operate and target Middle East and North Africa countries) and Konga.com (Nigerian based). These markets are fast growing and

⁶¹ <https://techcrunch.com/2016/05/11/naspers-plants-a-flag-in-u-s-with-new-venture-group/>

⁶² www.moneyweb.co.za/news-fast-news/besties-alibaba-tencent-are-teaming-up-in-15bn-deal/

⁶³ www.moneyweb.co.za/news-fast-news/tencent-rises-after-online-games-videos-fuel-record-profit/

⁶⁴ www.moneyweb.co.za/investing/naspers-keeps-its-enemies-close/

important markets for Naspers. This enterprise clearly illustrates the categories of consolidation and concentration of ownership, and is reminiscent of the kalahari.net and takealot.com merger in South Africa a few months earlier. The latter case study is discussed in more detail later in this dissertation.

While a majority of Naspers' international business activity centred on Tencent, and their business 'acquisitions and mergers', Naspers's business actions were not centralised in China. Rather, Naspers would be engaged in various international business deals. The dataset showed that Naspers had become the largest shareholder in Russian's leading online classified company, called Avito. Naspers, which started investing in the company in 2013, purchased the existing shareholders' shares to increase their stake from 17.4% to 67.9%. Avito had increased their footprint in the "generalist classifieds platform, by expanding into classifieds vertically" (Fin24, 23.10.2015).⁶⁵ Avito had become the leading player in "five key vertical online classifieds: general goods, auto, real estate, jobs and services". Avito is one of the "top ten Russian websites by online traffic" and sports thirty-five million unique monthly visitors, and eight billion six hundred million-page views. The company posted annual revenues of seventy-six million five hundred thousand dollars (USD 76.5) and an ebitda (earnings before interest, taxation, depreciation and amortisation) margin of 50.6% in 2014. Khrennikov's (23.10.2015)⁶⁶ article further explained that the Naspers had indicated that there would be no merger between Avito and Mail.ru, as Mail.ru had a strong focus on communications and entertainment, while Avito was purely an online marketplace, where people transact for their mutual benefit.

The dataset claimed that Naspers's investment in Avito had been based on their contingency of selling their holdings in their Central and Eastern European (CEE) online businesses for two billion seven hundred thousand rand (ZAR 2.7bn). Naspers decided to dispose of their holdings in two Czech-based companies, Net retail (online retailer) and Eureka (online price comparison platform). Initially, Naspers had purchased Net retail alongside a Romanian based Internet retailer, called eMAG for the purpose of merging the two companies and creating a leading e-commerce platform across Central and Eastern Europe. However, diverging strategic views prevented the merger from happening and Naspers decided to focus on eMAG as their preferable e-tailer platform in the region (van Zyl, 26.10.2015).⁶⁷ Naspers viewed the

⁶⁵ www.fin24.com/Tech/News/Naspers-in-R16bn-Russin-classifieds-deal-20151023

⁶⁶ www.moneyweb.co.za/news/companies-and-deals/naspers-takes-control-of-russias-avito-in-1-2bn-purchase/

⁶⁷ www.fin24.com/Tech/Companies/Naspers-disposes-of-R27bn-in-internet-assets-20151026

transactions as part of their ongoing strategy to optimise their structure by consolidating their businesses in fewer, larger companies. This is a distinct move away from their earlier strategy of acquisitions.

Period 2016

In the year 2016, the dataset showed that Naspers had decided to consolidate their holdings and injected an additional two hundred fifty million dollars (USD 250m) into their Indian subsidiary company Ibibo. Ibibo, the largest online travel company in India, received investment to extending their market position in the Indian hotels category. “Ibibo owned integrated online travel properties, such as hotel booking engine Goibibo.com and bus ticketing platform RedBus” (Fin24, 25.02.2016b).⁶⁸

Naspers would also increase their investment in Dubai-based online retailer Souq.com, during Souq.com’s latest fundraising round. Souq.com had initiated the fundraising process in order to raise three hundred million dollars (USD 300m) from potential investors, which would have valued the company at one billion dollars (USD 1bn). Naspers had participated in the earlier fundraising rounds by Souq.com and invested seventy-five million dollars (USD 75m) (Moneyweb, 25.02.2016b).⁶⁹

The dataset suggested that Tencent had continued their policy of merging their various online subsidiaries with rivals to establish market share. Tencent’s subsidiary Meilshuo.com (an online fashion retailer) merged with rival company Mogujie.com to form a company with three billion dollars (USD 3bn) in sales. The Mogujie founder (Chen Qi) would become the Chief Executive Officer of the merged company and Tencent would provide increase investment for the company. The merger assists both companies in competing with Alibaba Group Holding Ltd and JD.com Inc, who dominate the Chinese e-commerce industry (Chen, 11.01.2016b).⁷⁰

Prakash Chakravarti’s (15.04.2016)⁷¹ article illustrated that Tencent were seeking to obtain a loan for up to two billion dollars (USD 2bn), similar to Naspers’ bond sale, in the year 2013. Tencent were seeking a loan to assist in their heavy spending on investment opportunities. These include “gaming, intellectual property rights for entertainment, cloud computing and

⁶⁸ www.fin24.com/Tech/Companies/naspers-injects-r39bn-into-indias-ibibo-20160225

⁶⁹ www.moneyweb.co.za/news/companies-and-deals/tiger-global-naspers-boost-souq-com-investment-in-latest-funding-round/

⁷⁰ www.moneyweb.co.za/news-fast-news/tencent-backed-womens-fashion-site-merging-with-chinese-rival/

⁷¹ www.bdlive.co.za/world/asia/2016/04/15/heavy-spending-tencent-said-to-be-looking-for-a-bullet-loan/

online financing, as well as investment in start-ups” (Chakravarti, 15.04.2016). Tencent were pursuing a bullet loan of between one billion five hundred thousand dollars (USD 1.5bn) and two billion dollars (USD 2bn) for corporate purposes. A bullet loan is a loan in principal that would be repaid at the end of the agreement/term.

The dataset further suggested that one of the company’s Tencent had invested their capital in was a nip-and-tuck app. Tencent had financed around fifty million dollars (USD 50m) in an application (developed by SoYoung Technology) that allowed users to share before and after photos of plastic surgery. Tencent would further assist SoYoung technology by boosting the application (app) downloads by directing it to target users within their subscription base (Chen et al., 15.03.2016).⁷²

The dataset stated that Naspers Russian subsidiary, Avito, was able to expand despite local competition, partly due to acquisitions. Naspers had merged its Russian classifieds operations into larger rival Avito, in 2013, for a minority stake, and last year boosted its ownership to just less than 68% (Khrennikov, 2016).⁷³

Conclusion

This chapter chronologically recounted some of the main elements of Naspers’ business operations within the economic sphere, as they have been recorded in the dataset on which the research is based (as discussed in chapter four). The chapter has illustrated many of the theoretical pointers discussed in chapter two, including the concepts of expansion and the obverse process of concentration; preference for emerging markets, replication of business models, and adoption of innovative technologies. All these, as well as other conceptual rubrics discussed in the earlier chapters, are apparent in Naspers’ dealings with their international partners and subsidiaries.

The following chapter will continue with the narrative by examining the spheres of technology, editorial content and ideology.

⁷² www.bdlive.co.za/world/asia/2016/03/15/tencent-invests-millions-in-nip-and-tuck-app

⁷³ www.bdlive.co.za/business/technology/2016/03/16/naspersprofitsfromrussianclassifiedswebsitepurchase

Chapter Six

The Technological, Editorial and Ideological Spheres

Technological Development

Period 2013

Remembering that the first primary purpose of the dissertation was to explore the migration of Naspers from print and broadcast media to digital electronic platforms, the exploration of the technological realm is of the greatest interest to this study. The gathered dataset suggested that Naspers's business operations prior to appointment of Koos Bekker in 1997 was centred predominately on print and their pay-television platform (DStv). The introduction of Internet businesses changed everything. As previously noted, the early Naspers' Internet business consisted of two e-commerce companies: Tencent and Mail.ru. "Tencent is a Chinese based instant messaging and online gaming company, which Naspers had a 34% stake in the company. Mail.ru is also a social networking and online gaming site, which Naspers had invested 29% stake in the company." Most importantly both companies are the foundation upon which Naspers has used to expand their Internet businesses operations by shifting their investments towards new ventures in the mobile market (smartphones) and online classifieds in new emerging markets. Naspers was also seeking to expand their pay-television platform to generate more subscribers (Moneyweb, 04.07.2013⁷⁴; Mokgata, 19.12.2013⁷⁵ Pronina and Korby, 15.07.2013⁷⁶; Spillane, 15.11.2013a⁷⁷; Spillane, 12.07.2013b⁷⁸).

Period 2014

As stated earlier in the economic player section (2014), the dataset showed that Koos Bekker's

⁷⁴ www.moneyweb.co.za/archive/mailru-to-dstvbolster-naspers-bond-appeal-sa-cred/

⁷⁵ www.financialmail.co.za/money-advertising/2013/12/19/koos-bekker-sa-media-revolutionary

⁷⁶ www.bdlive.co.za/business/media/2013/07/15/naspersplanstousefundsfromdebtsaleforacquisitions

⁷⁷ www.moneyweb.co.za/archive/naspers-earnings-may-fall-30/

⁷⁸ www.bdlive.co.za/media-advertising/2013/07/12/naspers-mulls-1bn-debt-sale-sale-to-grow-global-portfolio/

decision to step down as Naspers' Chief Executive Officer and replaced by Bob van Dijk, saw the company's business model focus more intently on the mobile market. Mobile is already far bigger than the 'Internet' rather than being a simply extension of the Web. The mobile market presents an entirely new possibility (Tarrant, 24.02.2014).⁷⁹

From the beginning of 2014, the dataset yielded that Naspers was in the forefront of the rise of South Africa's e-commerce industry, specifically online retail. This included the rise of virtual products (intangible goods that cannot be resold). The most common of these were computer games and mobile phone 'apps', including credit or upgrades within games or apps, also known as in-app purchases. These in-app purchases have become integral for online gaming sites, as users are often faced with options of making purchases during gameplay to either advance quicker or unlock more levels, characters or scenes. This has been term ambush retailing, as it is a form of purchase that the user does not expect to make, but is faced with the choice suddenly (Goldstruck, 30.03.2014).⁸⁰ This was a strategy that had previously worked well for Naspers' Tencent in the Glu-Mobile acquisition for gaming and video content on the smartphone platform.

Naspers' portfolio also included e-retailing of tangible goods. As discussed in the earlier section on economy, in 2014, a South African flagship online retail company, and kalahari.net was one of the six most prominent online retail Websites used by South Africans for shopping, as well as another relative newcomer to takealot.com.

However, initially Naspers' e-commerce business operations were not on a solid footing to deal, and had difficulty in dealing with the challenges of operating and gaining market share in South Africa. Naspers decided to reorganise their e-commerce operations by forfeiting some of their e-commerce sites. Naspers shut down their online clothing business (Style36.com), online furniture business (5 rooms.com) and their online camera site (SACamera.com). Naspers decided to focus on its core online shopping business (kalahari.net), specifically stocking it with general retail products. However, Naspers still planned aggressively to grow their e-commerce operations (Mahlaka, 14.03.2014).⁸¹

Matthew le Cordeur's (08.10.2014a)⁸² suggested that Naspers's subsidiary, kalahari.net's merger with takealot.com, was a signal of their intention to act more strategically in the South

⁷⁹ www.moneyweb.co.za/archive/what-next-for-naspers-as-koos-bekker-steps-down/

⁸⁰ www.bdlive.co.za/opinion/2014/03/30/sign-post-charge-of-the-virtual-elephant

⁸¹ www.moneyweb.co.za/archive/online-shopping-is-sa-ready-for-it/

⁸² www.fin24.com/Tech/New/Kalahari-merger-with-takealot-a-good-strategic-move-20141007

Africa e-commerce market. Naspers had seen kalahari.net's market value degraded lower than their rival online retailer takealot.com, as both companies battled for growth and greater market share. The takeover process has been discussed in detail at the beginning of this chapter under 'acquisitions and market share'. It is alluded to in this section to underline the primacy of e-commerce as a technological platform in the years directly following 2010.

As referenced earlier in economic activities and editorial content section (2015) Sasha Planting's (20.03.2014b)⁸³ article noted that Naspers acquisition of the Israeli e-commerce company SimilarWeb (backed by SimilarGroup), saw Naspers invest on web-analytic start-up company that focused primarily on analytics and data space. SimilarWeb provides data that assists companies understand their web traffic better, by identifying the sources (direct, referral, search) of traffic, how users in different countries engaged differently with a site and provides a list of websites which were also visited and indicated the social networks sending traffic.

Period 2015

As referenced earlier in the economic activities section (2015) the dataset suggested that Netflix pending arrival to the South African video-on-demand market initiated Naspers to establish their own video-on-demand company called ShowMax. ShowMax's packages were deemed better value compared to Netflix, as their free option package allowed limited content viewership, while their premium package cost ninety-nine-rand (ZAR 99) per month for unlimited access to ten thousand hours of movies and television series. ShowMax was able to work multiple electronic devices, such as computers (through a browser), smartphones and, tablets (through an app on Apple and Android) and recently smart televisions from Samsung and LG. ShowMax requires a minimum of least two megabits per second (Mbps) is the minimum speed, but ShowMax recommends an uncapped four megabits per second (Mbps) connection for the best experience. The data usage ranges from fifteen gigabytes (15GB) to sixty gigabytes (60GB) of data. Naspers, with a better understanding of the Internet landscape, have used their experience to identify and hire an individual (John Kotsaftis) to transform their pay-television platform (DStv) to be more Internet savvy (Shapshak, 20.08.2015a).⁸⁴

As discussed earlier in the economic activities section (2015), the dataset illustrated that kalahari.net (owned by Naspers) merger with takealot.com (backed by Tiger Global Management) was an admission that both companies, with significant funding and resources,

⁸³ www.moneyweb.co.za/archive/naspers-tencent-and-the-israelis/

⁸⁴ www.financialmail.co.za/opinion/patternrecognition/2015/08/20/pattern-recognition-empire-hits-back

were not able to handle the technological challenges found within the South African e-commerce market and the evolving nature of Internet users. South Africa has had Internet accessibility for years, but it has been at a high cost and with low speed. A generation of youths acclimatised to the usage of the Internet were able to find clever ways to solve the problem (Shapshak, 14.05.2015b).⁸⁵

As reference earlier on economic activities section (2015) Paul Vecchiatto's (05.03.2015)⁸⁶ article noted that Naspers had established their own news wire service (News24Wire), through their subsidiary Media24. News24Wire had replaced the vacuum of left by the redundant South African Press Association (SAPA), by establishing a technological system that would enable their content to be freely disseminated to all digital publications, syndications (print, radio and broadcasting) and corporate partners. Initially, the News24Wire focused on text, but would later expand to incorporate images, data journalism and multimedia packages.

As state earlier in the economic activities section (2015) the dataset yielded that Naspers' Indian subsidiary Flipkart had partnered with the local (Mumbai) bicycling deliverymen (dabbawallas) to assist in just-in-time delivery of their online retail products to their consumers. This unique low-tech method of delivery has won glowing reviews and lauded for its unerring timeliness and reliability. The dabbawallas use a complex pyramid system that organises them into teams of twenty (20), collecting lunch boxes, sorting them by destination and then loading them onto Mumbai's trains. Each tiffin box changes hands several times before arriving at its destination. The system further uses codes of numbers, letters, symbols and colours, has been likened to a 'six sigma' process (a management term for a method with less than 3.4 errors per million (Crabtree, 2015).⁸⁷

The dataset noted that Tencent had released their own operating system for smartphones and smart watches. The operating system software was called TOS+, and provided voice recognition and included payment systems. Tencent was following their domestic rival Alibaba, in creating their own operating system, to tap into their online gaming stronghold by including virtual reality and supporting play on television (Moneyweb, 2015).⁸⁸

As mention earlier in the economic activities and political editor content section (2015), the dataset yielded that Tencent had recognised the importance of obtaining expanding their mobile

⁸⁵ www.financialmail.co.za/opinion/patternrecognition/2015/05/14/pattern-recognition-success-beckons

⁸⁶ www.bdlive.co.za/business/media/2015/03/05/24-com-to-launch-news-wire-service

⁸⁷ www.bdlive.co.za/world/asia/2015/03/15/now-dabbawallas-deliver-parcels-as-well-as-hot-curries

⁸⁸ www.moneyweb.co.za/news-fast-news/tencent-challenges-google-alibaba-with-own-smartphone-software/

messaging app WeChat, by spending heavily in acquiring top-tier content (film, television, game and music). Tencent had locked down exclusive deals with some of the biggest names in Hollywood. It further illustrated that the paring of Tencent's active deal-making and the success of WeChat and QQ critical in ensuring that Tencent remained and more sophisticated to their nearest rivals (Carsten and Richwine, 12.05.2015).⁸⁹

⁸⁹ www.moneyweb.co.za/newsfastnews/wechatistencentsaceinchinasonlineentertainmentrace/

Editorial Content

Period 2013

In 2013, Naspers's business content had undergone a metamorphosis that had seen the company shift away from their heritage business content. No-longer were Naspers dependent on print and pay-television

Period 2014

A significant money-maker for Tencent has been the social media messaging platform, WeChat. During early 2014, Naspers decided to introduce WeChat into the South African market in an attempt "to shake up South Africa's local instant messaging market" (Mochiko, 11.09.2014c).⁹⁰ WeChat's African branch decided to move beyond the traditional norms of instant messaging (sending of text, videos and pictures) and added a new dimension to their service. WeChat decided to use their platform to provide third-party content and allow brands to directly interact with clients. This would ensure that they were able to differentiate themselves from rival competition (WhatsApp, Facebook Messenger and Blackberry Messenger). WeChat proceeded to partner with local online radio stations (CliffCentral and 2oceansvibe) and allow their users to stream both stations on their platform (Mochiko, 2014).⁹¹ Unfortunately for Naspers, the venture did not gain on much traction.

In a report, taken just outside of the dataset dates, Moneyweb (23.07.2016) reported that "[a] 2015 study by World Wide Worx, a Johannesburg consultancy, showed WhatsApp had just over 10 million users in South Africa compared with just over 5 million for WeChat".⁹² This phenomenon illustrated the specificities of different geographic markets. Whereas the addition of content to a messaging service was a significant selling point in the Chinese market, it was insufficient to break the monopoly hold of the established player (WeChat) in the South African market. However, the lesson was not lost. As the later discussion of the acquisition of American-produced content for the Chinese market indicated that Tencent would invest significant amount of capital to procure the very best American content for the subscription base.

Along similar lines, Thabiso Mochiko's (10.07.2014b)⁹³ article on the investment in the

⁹⁰ www.financialmail.co.za/features/2014/07/11/wechat-big-brother-support/

⁹¹ www.financialmail.co.za/features/2014/07/11/wechat-big-brother-support/

⁹² www.moneyweb.co.za/news/tech/chinas-wechat-takes-on-whatsapp-in-africa/

⁹³ www.financialmail.co.za/fm-fox/2014/07/10/naspers-china-tie-up/

acquisition of shares in their fellow Chinese online classified company, 58.com, was also a means for Tencent to expand the content for their respective users. Here, the political economy category of ‘mergers and acquisitions’ proved instructive: Tencent’s purchase of 19.9%, just 0.1% shy of a controlling interest, expanded the content choice for their users, in terms of local services and merchants; while 58.com was able to expand Internet traffic towards their Website, thus increasing the operational synergy between the two entities. Unlike the example of Naspers’ South African company, Kalahari.net, that acquired its rival, Takealot.com, which then proceeded to cannibalise the former company, Tencent and 58.com continue to operate as separate entities under the joint umbrella of an “indirect ownership” of the latter company.

The dataset proposed that Naspers’ acquisition of SimilarWeb, an Israeli-based web-analytics start-up company, was not solely based on the need to acquire content, rather it was a means for Naspers to acquire technological expertise; specifically, computer engineers and programmers, as the Israeli tech-industry is known for their technological innovations and these skills provided an added competitive advantage (Planting, 2014).⁹⁴

Period 2015

This dissertation is concerned primarily with Naspers’ transition from a national heritage-media company to global e-platform conglomerate. The study of Naspers’ broadcasting portfolio has been left out deliberately. However, the technological issue of digital online television content streaming is pertinent to the e-platform transformation, and deserves a passing reference here.

Naspers’s pay-television subsidiary, MultiChoice, decided to enhance their platform beyond satellite signal decoders by investing in its own Internet streaming platform. Although the movement into a different platform of dissemination was a decision made in the technological realm, content was still the key to maintain crucial to the attraction and maintenance of a vibrant customer base. Internet streaming was more than technological bells and whistles; it allowed for immediate transmission of international content would be available almost immediately after being screened overseas (Mochiko, 06.07.2015c).⁹⁵ MultiChoice would also continue their support of local content (Planting, 06.07.2015a).⁹⁶ Expand the reportage on Naspers during this period reaffirmed that it was a company that “invested continuously in technology

⁹⁴ www.moneyweb.co.za/archive/naspers-tencent-and-the-israelis

⁹⁵ www.bdlive.co.za/telecoms-technology/2015/07/06/naspers-pulls-india-into-its-online-web/

⁹⁶ www.moneyweb.co.za/investing/nasperskeepsitsenemiesclose/

for the purpose of providing customers with outstanding customer-viewing experience”, even if it impacted negatively on their profit margins (Gardee, 15.09.2015).⁹⁷ Procurement of prime time, first-issue international content during the weakened exchange rates between the American dollar and the South Rand was a costly affair for MultiChoice, and ultimately, Naspers.

A further content expansion was reported by Thabiso Mochiko (09.12.2015h)⁹⁸ on Naspers’ partnership with Telkom that enabled them to boost their video content through ShowMax. ShowMax is a rare example of a start-up or Greenfields company that was custom-developed by Naspers, rather than acquired from another source. It is a video-on-demand company that consists of a large and extensive video content, twenty thousand (20000) episodes of television series and movies, adding up to twelve thousand (12000) hours of viewing, and a free viewership option for existing DStv customers. However, the difficult had been that viewers were dependent on data usage and consequential issues with data caps (Shapshak, 20.08.2015a).⁹⁹

The partnership with Telkom that allowed for discounted video-data packages, resolved this issue. (Although beyond the date range of the current research, it is interesting to note that subsequently Telkom has expanded this service as a “zero-rated access to a large range of popular video and audio streaming services, including Netflix and ShowMax” on some of its data packages (McCleod, 19.01.2017).¹⁰⁰ Naspers expanded their streaming video-on-demand company, ShowMax, to consumers outside the South African home market, by providing content across Europe, North America and Australasia (Spillane, 2015).¹⁰¹ This service included programming in Afrikaans, as well as content sourced from eastern and West Africa. This point will be raised again in the discussion on ‘ideology’ later in this chapter.

Naspers’ decision to start their own newswire service (News24Wire) following the closure of The South African Press Association (SAPA). This streamlined their content across different platforms, and served as a bridge between their ‘heritage’ media, radio, television and print, with their e-platforms and corporate partners (mostly to Reuters). This development showed that content (breaking news from around the country) from News24Wire would be freely accessible for all digital publications and the various print, broadcast, radio and corporate

⁹⁷ www.moneyweb.co.za/moneyweb-opinion/soapbox/phuthuma-nathis-bee-shareholders-score/

⁹⁸ www.bdlive.co.za/business/technology/2015/12/09/telkom-teams-up-with-showmax-for-video-on-demand/

⁹⁹ www.financialmail.co.za/pattern-recognition/2015/08/20/pattern-recognition-empire-hits-back

¹⁰⁰ <https://techcentral.co.za/telkom-lit-unlimited-streaming/76542/>

¹⁰¹ www.moneyweb.co.za/news/companies-and-deals/naspers-said-to-plan-global-showmax-expansion-to-take-on-netflix/

partnership syndications (Vecchiatto, 05.03.2015).¹⁰²

Following their difficult introduction of WeChat into South Africa the previous year, WeChat Africa also expanded their content services for their users and launched a portal for beauty treatments (physical service), called GoBeauty. GoBeauty is a mobile application for booking beauty and wellness treatments, as WeChat's database has registered various beauty spa, nail and hair salons, laser and slimming clinics. Users were able to book and pay for treatments using GoBeautySA portal, which is available on the WeChat platform (Mochiko, 14.05.2015a).¹⁰³

Belinda Cao's (08.01.2015)¹⁰⁴ article on the upward trajectory of Naspers and Tencent's share value further illustrated that Tencent's China-based WeChat local branch was set to add a search function for content section and expand their service platform by including a 'restaurants nearby' service, to increasing advert sales on mobile phones. Still in the realm of the global domain, the 2014 gathered dataset suggested that Tencent had "developed a strategy called 'Connection', which involved creating an ecosphere linking users with content, services and hardware to enhance their lives online and offline." This saw Tencent invest heavily in content for their businesses, such as music, literature and video service contributing to a substantial traffic growth (Planting, 01.06.2015b).¹⁰⁵

The 'connection strategy' developed by Tencent was evident when they part-purchased the United States based company, Glu Mobile, a smartphone gaming company, which owned a portfolio of various games. It was further exemplified when examining Tencent's decision to spend heavily on acquiring top-tier film, television, music rights, from Twenty-First Century Fox Inc, Sony Music Entertainment, Warner Music Group and Time Warner Inc (Carsten and Richwine, 12.05.2015,¹⁰⁶ Chen, 30.04.2015a).¹⁰⁷ Tencent paid for the rights to online streaming in China and generated revenue from advertisements. The added content value resulted in Tencent's online advertising revenue doubling to four billion nine hundred thousand Chinese yuan (CNY 4.9b). This business model was implemented by Tencent, as subscription television is not prevalent in China compared to Western countries (Moneyweb, 11.11.2015b).¹⁰⁸ Again, this points to the primacy of content alongside technological

¹⁰² www.bdlive.co.za/media-advertising/2015/03/05/24.com-to-launch-news-wire-service/

¹⁰³ www.financialmail.co.za/features/2015/05/14/e-commerce-the-beauty-of-wechat/

¹⁰⁴ www.bdlive.co.za/telecoms-technology/2015/01/08/naspers-follows-tencent-up-on-market-support/

¹⁰⁵ www.moneyweb.co.za/news/companies-and-deals/naspers-to-buy-or-not-to-buy/

¹⁰⁶ www.moneyweb.co.za/news-fast-news/wechat-is-tencents-ace-in-chinas-online-entertainment-race/

¹⁰⁷ www.moneyweb.co.za/news-fast-news/tencent-to-invest-126m-in-kim-kardashian-game-developer

¹⁰⁸ www.moneyweb.co.za/news-fast-news/tencent-rises-after-online-games-videos-fuel-record-profit/

advancement, an argument put forward earlier in relation to DStv's expansion into ShowMax.

Period 2016

Moving 2016, the issues raised under the rubric of editorial and entertainment content were very similar to those first seen in the two previous years. The dataset noted that Naspers' subsidiary, MultiChoice, apparently welcomed the challenge from the pending arrival of Netflix in the video-on-demand market in South Africa. According to Gareth van Zyl, writing in *Business Day Live* (08.01.2016)¹⁰⁹, MultiChoice had faith in their video-on-demand packages, as they had been expanding their content. MultiChoice further believed that "their sports content was strong enough to handle any video-on-demand service". However, MultiChoice recognised that they were still susceptible to losing subscribers who did not want sport content (van Zyl, 08.01.2016). Kate Ferreira's (14.01.2016)¹¹⁰ article in the same year emphasised that Netflix was a company with large databases of content (movies and series), spanning genres and production houses. Netflix were also creating their own content with "runaway success of their original series". But, Netflix had "an issue with their video content, in terms territorial licensing problems with their respective", making them vulnerable to competition from ShowMax (Goko, 15.01.2016).¹¹¹

Despite the increased offerings within the realm of content, the competition from other content-streamers was acutely felt. It is no surprise then, that the dataset indicated Naspers was willing to assist their customers in their region, by not raising their prices even though "Naspers acquired their video-on-demand content from Hollywood and paid for it in American dollars" (Prinsloo, 23.03.2016).¹¹² Given the deteriorating rand-dollar exchange rate, this was an expensive business.

Ideological Ethos

As discussed in the literature review chapter (chapter 3) Naspers have shifted away from their nationalist rubric and have become a multinational business entity. The dataset showed how Naspers, an average-sized and predominately print corporation, was able to turn themselves into a giant that has tentacles reaching across the globe (Mokgata, 19.12.2013).¹¹³ Naspers was

¹⁰⁹ www.bdlive.co.za/world/americas/2016/01/08/multichoice-shrugs-off-arrival-of-netflix

¹¹⁰ www.financialmail.co.za/fmfox/2016/01/14/gimme-pleasures-of-netflix

¹¹¹ www.financialmail.co.za/moneyinvesting/2016/01/15/video-on-demand-still-buffering

¹¹² www.bdlive.co.za/business/media/2016/03/23/naspers-forecasts-slowdown-in-profit

¹¹³ www.financialmail.co.za/moneyinvesting/2013/12/19/koos-bekker-sa-media-revolutionary/

founded in 1915 as Nasionale Pers (National Press), was widely viewed as the mouthpiece for the white minority government of the time. Naspers began their overseas adventure following the end of apartheid in 199 (Roelf, 9.07.2014).¹¹⁴ When Koos Beeker was appointed Naspers Chief Executive Officer and took over the leadership of the company in 1997, he began investing in technology companies around the world, such as China's Tencent Holdings Ltd and Russia's Mail.ru. Group Ltd. These investments would see Naspers market valuation rise significantly and make them Africa's largest e-commerce company (Spillane and Janse van Vuuren, 24.02.2014).¹¹⁵

Wendell Roelf's (09.07.2014)¹¹⁶ article further emphasised Naspers' second reinvent, as a media and online giant focused on technology and emerging markets, to a predominately mobile based company. This would involve Naspers collating their stable of e-commerce Websites to tablets and smartphones.

Maarten Mittner (21.04.2016)¹¹⁷ and Moneyweb's (15.04.2016a)¹¹⁸ articles highlighted that Naspers had transformed themselves into a global conglomerate, to such an extent that Naspers decided to present their financial results in dollars. Naspers had informed their shareholders of the decision to change the presentation of its consolidated financial statements from the South African currency to the American dollar. Naspers' revenue was mostly measured on an economic interest basis outside South Africa.

In addition, Moneyweb further noted that Naspers' shareholder base was now largely consisted of foreign investors and their board of directors have decided to use the United States (US) dollar financial reporting to present the company's financial position, funding and treasury functions, financial performance and its cash flows. Naspers' board based their decision on the company's performance evaluation and various investments being on the United States (US) dollar financial information

The literature review chapter further suggested that Naspers had not discarded their heritage media platforms, specifically print and pay-television, but ensured that they remained part of their business portfolio. Arrie Rossouw (2005) and Sethunya Tshepho Mosime's (2014) works stated that Naspers expansion and embracement of the Internet and its various machinations

¹¹⁴ www.moneyweb.co.za/archive/naspers-to-be-reinvented-as-mobile-powerhouse-ceo/

¹¹⁵ www.moneyweb.co.za/archive/bekker-says-naspers-must-focus-on-ecommerce-under/

¹¹⁶ www.moneyweb.co.za/archive/naspers-to-be-reinvented-as-mobile-powerhouse-ceo/

¹¹⁷ www.bdlive.co.za/business/media/2016/04/21/dollar-base-may-signal-naspers-exit

¹¹⁸ www.moneyweb.co.za/news/companies-and-deals/naspers-switches-us-dollar-reporting/

did not result in the company discarding their core identity and heritage businesses (print media and pay-television). Naspers would integrate their heritage platforms into their Internet platform business. Rossouw's work, Naspers' decision to adopt and implement an Internet-based platform, came to fruition through their print media platform with the creation of the English-language Website for their Afrikaans newspaper (*Beeld*). Mosime's work emphasised that Naspers had changed their business strategy, of a growth-orientated approach for their Internet-based companies, to focus on making their core businesses profitable.

The dataset noted that Naspers' pay-television platform was showing modest growth compared to their Internet businesses and no longer seen as the biggest contributor to Naspers' revenues. However, the pay-television platform still held the title of being Naspers' biggest contributors to profits. The print media platform experienced a tough year with flat revenues and declining margins (Planting, 23.06.2014a).¹¹⁹

Naspers had obtained the license for the establishment of a subscription channel, M-Met (Horwitz, 2001:124). Naspers' subsidiary MultiChoice, in 1995, introduced a digital satellite television network (DStv), that would provide satellite bouquets to approximately fifty countries in Africa and the Indian Ocean Islands (MultiChoice, 2005 and Teer-Tomaselli, 2005 quoted in Wasserman, 2009:71). MultiChoice would, in a few years later, launch an Afrikaans-only content subscription television channel, called KykNet. Another, Afrikaans-music orientated channel was launched called MK69, that would only broadcast Afrikaans music videos (Davis, 2004:24 quoted in Wasserman, 2009:71).

MultiChoice decided to privatize their Afrikaans content for an exclusive group of people capable of paying their subscription fees (mainly affluent white-Afrikaans speaking group). The privatisation of Afrikaans culture, specifically its content, illustrated the 'metamorphosis' of Afrikaans content into a commodity that could be sold. Afrikaans content, while not part of the national populace, had become racially inclusive, by following the multilingual spirit of the constitution of 1996 (Media24 website content though not part of the new democracy) (Angelopulo and Potgieter, 2013:13).

While the above discussion showed that Naspers' business operations had undergone an ideological change and reinvented itself since the company's inception, however, the dataset has suggested that at the boardroom and ownership level of Naspers', it might not be the case.

¹¹⁹ www.moneyweb.co.za/archive/naspers-aggressively-expands-into-mobile-internet/

Articles by Riaz Gardee (15.07.2015)¹²⁰ and Fin24 (22.02.2016a)¹²¹ article suggested that Naspers established an initiative to diversify the company's ownership portfolio by targeting Black South Africans through broad-based Black Economic Empowerment (BBE) initiatives that would Gardee's article claimed that Naspers' BEE investment initiative, for their pay-television subsidiary MultiChoice had been a success story. Naspers' BEE "broad-based" initiative was launched in 2004 (called *Phuthuma Nathi*), for the purpose of expanding their BEE initiatives, "as well as a requirement for obtaining their broadcasting licenses" (Gardee, 15.07.2015). Naspers' BEE initiative involved MultiChoice disposing 20% of their equity to BEE shareholders and had become a "success story" since "MultiChoice South Africa [...] had increased by twenty times" (Gardee, 15.07.2015)

The [Phuthuma Nathi] shares are currently trading around R170 each and including total dividends paid to date of just under R30 the original R10 investment has delivered impressive returns. The most recent net dividend received this September was over R15 per share from an original investment of R10 per share. This means every R10 000 invested has been multiplied twenty-fold to R200 000 in 9 years, which is an enviable 45% per annum compounded return. Investment doyen Peter Lynch coined the term ten-bagger for an investment that increases ten times in value so even he would be impressed by a 'twenty-bagger'. (Gardee, 15.07.2015)

Gardee further stated that the "combination of the broad-based nature of the scheme and the astronomical quantum of value created make this one of the best BEE schemes to date. Naspers, once the 'mouthpiece of the Apartheid regime' has delivered one of the best BEE deals" (Gardee, 15.07.2015). Moreover, in an article by Fin24, Naspers' other BEE shareholders initiative, called Welkom Yizani Investment, was able to obtain a reprieve, when Naspers "agreed to waive the preference share debt and accrued interest owed by Welkom Investment." (Fin24, 22.02.2016a)¹²²

The debt is valued at around R400m and will be waived on approval of the Welkom Yizani annual financial statements for the year ended 31 March 2016. "We are delighted to share news of this windfall with our shareholders," said Professor Rachel Jafta, chair of Welkom Yizani and Media24. "This is a significant concession by Naspers in a time when print media in South Africa, much like in the rest of the world, has been under pressure due to structural changes. This is a big boost for the scheme and means that Welkom Yizani will be debtfree." (Fin24, 22.02.2016a)

¹²⁰ www.moneyweb.co.za/moneyweb-opinion/soapbox/phuthuma-nathis-bee-shareholders-score/

¹²¹ www.fin24.com/Tech/Companies/naspers-writes-off-r400m-welkom-yizani-debt-20160222

¹²² www.fin24.com/Tech/Companies/naspers-writes-off-r400m-welkom-yizani-debt-20160222

Welkom Yizani was “the biggest [BEE] share offer in South Africa’s print media industry. When *Media24* launched the share offer in September 2006, it was three times subscribed with 107 000 applications received for 14.6 million Welkom Yizani ordinary shares. These shareholders own a 15% stake in print media company Media24 Holdings.” (Fin24, 22.02.2016a).

Reitumetse Pitso’s (08.04.2016)¹²³ article noted that Steve Pacak, the “retired finance director of [...] Naspers”, had been selling his shares in the company. Pitso insinuated that Pacak’s decision to sell his share was based on his desire to diversify his business portfolio away from Naspers.

Ostensibly this [was] to diversify his portfolio away from the company that he [had] served since 1988. At the current price of Naspers on the JSE, who wouldn’t? Pacak, who last year came back onto the Naspers board as a nonexecutive, sold 12 500 shares through his family trust. At the sale price of R2 075.05/share, he banked R25.9m. It [was] unlikely that when he joined the company all those years back, Pacak dreamt he was making such a grand career choice. (Pitso, 08.04.2016)

This was exemplified by Maarten Mittner’s (02.11.2015)¹²⁴ article that suggested Koos Bekker and a handful of Naspers former and present senior officials made up a selected group of Naspers’ senior individuals that held majority shares of Naspers ‘A’ shares, through these various companies (Keeromstraat, Wheatfields 221, Nasbel and Heemstede). Naspers’ ‘archaic control structure’ had created a scenario, whereby 35.8% of the company’s shares were trading on the JSE as ‘N’ shares, while 64.1% of Naspers voting shares were concentrated in “a handful of opaque companies, which control all of Naspers’ [‘A’ shares]” (Mittner, 02.11.2015).

[T]he shares that trade on the JSE are Naspers N-shares, which control only 35,8% of the votes in the company. The remaining 64,1% of the Naspers vote is held by a handful of opaque companies which control all of Naspers’s A-shares, which have 1000 times the vote of the N-shares. Those entities are Keeromstraat, Wheatfields 221, Nasbel and Heemstede — but the identity of the owners of those companies remains shrouded in mystery. Conjecture suggests they include Bekker, former Naspers chairman Ton Vosloo and a raft of former company insiders, including Boetie van Zyl, Cobus Stofberg, a university friend of Bekker, and Jeff Malherbe, who led the opposition to Media24 journalists appearing before the Truth & Reconciliation Commission in 1997. (Mittner, 02.11.2015)

¹²³ www.financialmail.co.za/moneyinvesting/2016/04/07/directors-dealings-great-career-choice

¹²⁴ www.bdlive.co.za/investorsmonthly/2015/11/02/how-far-can-naspers-keep-climbing

Rob Rose' (24.07.2015)¹²⁵ article further drew attention to who controlled the companies that constituted the majority shareholder of Naspers' equity. He claimed that Naspers' 'A' shares were concentrated mainly towards their "largely [...] old guard who were in charge decades ago" (Rose, 24.07.2015).

So who controls those three companies? According to a filing Naspers made in the US, those "A" shares "may be considered to be beneficially owned by certain directors of Naspers" — largely the old guard who were in charge decades ago. The bottom line is that for all intents and purposes, 55,7% of all the votes over Naspers are controlled by the inner sanctum, some of whom pulled the levers at the old Nasionale Pers. There are many theories as to why Naspers did it this way. (Rose, 24.07.2015)

The above assertion made Rose further question why Naspers were able to create and establish their 'control pyramid system structure' and investment system. He noted that Naspers's defence of their control structure was that it "ensure[d] independence [for] the group, which [was] critical to any media company" (Rose, 24.07.2015). Moreover, this system of control further highlighted that change within Naspers and its hierarchal system would only occur once 'the old guard' had given their blessing. This positions Naspers' board as being "impervious to any uppity shareholder activists, bleating about quaint notions like [']shareholder democracy[']" (Rose, 24.07.2015).

Adam Wexler's (14.07.2015)¹²⁶ article stated that FactSet¹²⁷ had revealed that Naspers's top fifteen "institutional investors", only four were South African. The rest of the institutional investors consisted of eight United States (US) based companies, two companies based in United Kingdom and one company from the Netherlands.

The above discussion highlighted that ideological change in Naspers' business. Naspers' adoption and implementation of their broad-based Black Economic and Empowerment share initiatives were their attempt to attract different investors, mainly Black South Africans, into their ownership portfolio. Naspers' implementation and interaction with Phuthuma Nathi and Welkom Yizani initiatives highlighted their drive to diversify.

¹²⁵ www.financialmail.co.za/opinion/fineprint/2015/07/24/fine-print-why-koos-bekker-had-to-sell-his-naspers-shares

¹²⁶ www.bdlive.co.za/markets/2015/07/14/sa-stocks-shine-as-economy-falters

¹²⁷ A company that provides financial and analytical data for investment professionals globally.

Chapter Seven

The Press Coverage of Naspers

The current chapter addresses the second question of the dissertation, namely, “How has the South African Press reported their coverage of Naspers?” It does so by concentrating only on three themes: The merger of kalahari.net with takealot.com; Naspers as personalities - Koos Bekker and Bob van Dijk; and finally, Naspers’ investment in Tencent. Each of these themes were purposively selected in order to provide a vehicle with which to examine the discourses and obsessions that have guided the press coverage of Naspers in the three years under review.

Theme one: kalahari.net merger with takealot.com

The gathered dataset’s (newspaper articles) coverage of kalahari.net merger with takealot.com drew attention to the necessity for both companies as a means of dealing with various challenges and the logistics of the merger. It was reported that the merger between both companies was driven by the lack of market scale for both business entities, since South African online retailers are not able to compete successfully against traditional brick-and-mortar retailers and foreign companies (Business Day Live, 07.10.2014).¹²⁸ This was evident in kalahari.net senior executive officer (Oliver Rippel) of kalahari.net stating “After many years of losses on Kalahari and four years on takealot, we realise we have to work together if we are to survive and prosper.” (Business Day Live, 07.10.2014)

Thabiso Mochiko’s (23.10.2014a)¹²⁹ article stated that kalahari.net and takealot.com merger was a signal of the threat that the local e-commerce market was facing from foreign multinational companies, such as Amazon and Alibaba. Both parties had quoted competition and lack of scale as the reasons for the merger, without market scale South African e-tailers are not able to compete successfully. Takealot.com Chief Executive Officer Kim Reid stated that merger would better position the company to defend against domestic and foreign competition. Most importantly, it would create a greater chance of achieving a sustainable e-tailer business in South Africa for years to come.

Matthew le Cordeur’s (07.10.2014b)¹³⁰ article involved a question and answer session (Q&A)

¹²⁸ www.bdlive.co.za/telecoms-technology/2014/10/07/kalahari-to.merge-with-takealot.com/

¹²⁹ www.financialmail.co.za/features/2014/10/23/e-tailers-stronger-together/

¹³⁰ www.fin24.com/Tech/News/Naspers-CEO-Merger-vital-for-SA-etail-growth-20141007

with senior members of kalahari.net (Chief Executive Officer – Caren Genthner-Kappesz) , takealot.com (Chief Executive Officer – Kim Read) and Naspers (industrial relations officer – Meloy Horn) and he was able to obtain that certain details of the merger, in terms of ownership structure (which has been discussed in the economic activities section, 2014) and that the kalahari.net brand would be disbanded and the merged company would adopt the takealot.com brand, which carried a stronger momentum. The question-and-answer sessions further noted that value of the merger would be value-proposition of the e-commerce catalogue as it brings a wider selection of products and categories, as well as a broader service to customers.

Le Cordeur further highlighted the operational and management logistics which would see takealot.com incorporate their logistics infrastructure, which consisted of the use third party courier companies, Kim Read being appointed Chief Executive Officer and kalahari.net employees transferring to takealot.com.

However, Matthew le Cordeur (08.10.2014b)¹³¹ noted that kalahari.net merger with takealot.com was a strategic pre-emptive move by kalahari.net. World Wide Worx MD Arthur Goldstruck had explained that kalahari.net had pre-emptively ensured proposed a merger because it was starting to see their value degrade below takealot.com's value.

Gareth van Zyl's (01.05.2015a)¹³² article expressed sadness when kalahari.net Website was finally shut-down (Thursday 30th June 2015), signaling the finalization of the merger between kalahari.net and takealot.com. He wrote a minor (one line) chronological historical map of historical moments of kalahari.net, from its inception to its closure. In addition, his article included In addition, when Competition Commission approved kalahari.net and takealot.com, the commission requested that no more than two hundred employees should be laid off because of the merger (Business Day Live, 06.01.2015e).¹³³

Theme Two: Naspers as personalities - Koos Bekker and Bob van Dijk

News value theory reminds us that personification is an organizing principle in reportage, many of the stories of Naspers were personality driven. Stories on Steve Ma, the CEO of Tencent, Bob van Dijk, were frequent, however Koos Bekker was the most commonly profiled personality.

¹³¹ www.fin24.com/Tech/News/Kalahari-merger-with-takealot-a-good-strategic-move-20141008/

¹³² www.fin24.com/Tech/Companies/Naspers-disposes-of-R27bn-in-internet-assets-20151026

¹³³ www.bdlive.co.za/retial-consumer/2015/01/06/competition-comission-gives-takealot-kalahari-merger-deal-green-light

The dataset (newspaper publications) generally presented Koos Bekker in a favorable light. Zweli Mokgata's (19.12.2013)¹³⁴ article stated that Koos Bekker had transformed Naspers into a global multinational conglomerate. Mokgata further provided a minor historical businesses background of Koos Bekker and insight into Bekker's business strategy. He stated that "Bekker has been CEO of Naspers since 1997, led the founding team of M-Net in 1985 and served as CEO of the MIH group until 1997. His business strategy has been to take on high-risk ventures and he has made huge losses in the process, but the successes materialized where it mattered." (Mokgata, 19.12.2013)

We screwed up frequently, but we had a great deal of fun and I couldn't imagine another job that would have fitted my limited talents better, that would have given me more pleasure. (Bekker, 2014 quoted in (Tarrant, 24.02.2014)

When Koos Bekker decided to step down as Naspers Chief Executive Officer (CEO), he was widely praised for the job he had done working at Naspers. Bekker was commended for his business foresight in identifying the "technology curve (e-commerce) before anyone else and prepar[ing] Naspers for the coming wave" (Spillane and Janse van Vuuren, 2014).¹³⁵

Yet, Hilton Tarrant's (24.02.2014)¹³⁶ article questioned Koos Bekker and Naspers' handling the announcement of his decision to step down as the company's Chief Executive Officer. Firstly, Tarrant was puzzled, when in September 2013, Naspers decided to pre-empt the announcement on the future of Bekker, while they discussed whether to renew Bekker's contract or find a successor. Naspers's board decided to vaguely publicize their decision in their November financial result statement report and stated their preference for Bekker continuing in his present position. Finally, when Bekker announced his decision, he said he was 'no longer available', and Naspers' board of directors were forced to undergo a restructuring; five Myriad International Holdings (MIH) directors' replaced three Naspers' directors with print media expertise.

Tarrant (24.02.2014)¹³⁷ further stated that Bekker's success in spotting and capitalizing on China's Tencent has been turned "into a myth, surround[ed] by a lot of hype". The essence of Tarrant's critique was that Bekker claimed more credit than was due to him, and some of his good fortune deserved to have been credited to others, or was simply fortuitous. Tarrant asserted that Bekker should not have been the one claiming the plaudits for Naspers' success.

¹³⁴ www.financialmail.co.za/money-investing/2013/12/19/koos-bekker-sas-media-revolutionary/

¹³⁵ www.moneyweb.co.za/archive/bekker-says-naspers-must-focus-on-ecommerce-under/

¹³⁶ www.moneyweb.co.za/archive/what-next-for-naspers-as-koos-bekker-steps-down/

¹³⁷ www.moneyweb.co.za/archive/what-next-for-naspers-as-koos-bekker-steps-down/

Rather, Antonie Roux, head of Naspers Internet business, was the heir to the Naspers throne, but his unexpected death disrupted the ‘original succession plan’. According to Tarrant, Roux shaped the transformation of Naspers into an Internet giant. Secondly, he disrupted the commonly held notion that Bekker had technological foresight, and had been prescient in his purchase of the Tencent stake. He stressed that the success of Tencent was a built upon recent successes, since during its infancy period, “Tencent and society” in general was in a different space. Nevertheless, Tencent was able to achieve success based on their ability “to make sweeping and fundamental changes in their personal computing and Internet markets (the shift to mobile [and smartphones], e-commerce, subscriptions, games (and gamification), virtual goods, social networking [and] globalization”. The market industry and analysts had only recently (late 2012 to early 2013) rewarded Tencent and this has seen Naspers shares double in value. [At the time of writing (November 2017), the Naspers shares had reached a record R4000,00 per share on the JSE].¹³⁸

The dataset further suggested that Koos Bekker’s successor as Naspers’ Chief Executive Officer, Bob van Dijk, was not well received. Christopher Spillane and Andre Janse van Vuuren (24.02.2014)¹³⁹ insinuated their concerns indirectly, by suggesting that van Dijk’s rise was due to favoritism on the part of Koos Bekker, who gave him his ‘seal of approval’. Van Dijk was relatively unknown to Naspers as a whole since the “[t]he 41-year old joined the company” recently in order to “run its e-commerce operations in Central and Eastern Europe”. Nevertheless, Bekker was at pains to reassure the journalists (and indeed the rest of Naspers) that van Dijk would be capable of filling his position:

“Bob is well accepted by our senior folk and has great people management skills,” Bekker said. (Spillane and Janse van Vuuren, 24.02.2014)

Spillane and Janse van Vuuren further implied van Dijk would still be residing in his home nation, the Netherlands, and commute to Naspers’ Cape Town based head office once or twice a month. Secondly, they further noted that the succession was announced only after the more compelling news stories of Naspers’ large capital was announced. The publicity surrounding the investment in expanding their digital television network in east and west Africa as well as their advertising their online classified venture tended to overshadow the appointment of van Dijk and allow the succession to go relatively unnoticed.

¹³⁸ www.fin24.com/Markets/Equities/jse-up-as-naspers-touches-r4000-a-share-20171120

¹³⁹ www.moneyweb.co.za/archive/bekkersaysnaspersmustfocusonecommerceunder/

Hilton Tarrant (24.02.2014)¹⁴⁰ questioned why Naspers' board of directors had chosen the Dutch national to run an emerging market Internet, e-commerce and media group. Since Bob van Dijk's business viewpoint would be very different from someone with experience in emerging markets. "Surely the next Naspers chief executive could've come from China? Or India? Or South-East Asia? Or Eastern Europe? Or Africa?" (Tarrant, 24.02.2014).

Wendell Roelf's (9.07.2014)¹⁴¹ article claimed that Bob van Dijk's promotion to Naspers Chief Executive Officer was a rarity. Van Dijk's promotion marked a rare appointment of an 'outsider' to the top job of a company, which, since its inception had traditionally drawn its leadership from South Africa's close-knit community of Afrikaner elite.

Van Dijk's appointment was simply a sub-plot in the larger Bekker saga. Christopher Spillane and Matthew Campbell's (2015)¹⁴² in-depth article on Koos Bekker explained that Bekker had taken his 'sabbatical' (stepping down as Naspers' Chief Executive Officer) in order to identify new business opportunities for Naspers. Bekker was seeking to change the narrative of Naspers to be more than a giant venture-capital fund founded on a single grand-slam investment. Bekker would use the opportunity, they claimed, to visit various global locations including Shanghai, Seoul, and San Francisco in order to search for new ideas. Indeed, this global travel convinced Koos Bekker that Naspers should be doubling down on e-commerce in developing countries, despite the competition from local and foreign companies for emerging market Internet deals.

Bekker said the epiphany of his working holiday — which made him more determined to stick to his strategy — came after he gave a lecture on entrepreneurship at China's Nanjing University. The moment he finished, Bekker was "absolutely stormed by people with pitches," he recalled. "One guy will say, 'give me one minute to just explain my concept,' another one will say 'here's my paper, its three pages, please read it,' so you feel absolutely enormous ambition," Bekker said. (Spillane and Campbell, 20.05.2015)

When Koos Bekker decided not to disclose that he had sold his large proportion of his Naspers' stock, various newspaper publications printed articles explaining his decision to reassure investors. Rob Rose (24.07.2015)¹⁴³ and Maarten Mittner (02.11.2015)¹⁴⁴ explained that Naspers had stated that there was no obligation on their part to report to shareholders, since Bekker had been on a year-long sabbatical before he sold his shares. Rose and Mittner reassured investors that they do not have to worry about Bekker failing to reveal the forfeiture of his large

¹⁴⁰ www.moneyweb.co.za/archive/whatnextfornaspersaskoosbekkerstepsdown/

¹⁴¹ www.moneyweb.co.za/archive/naspers-to-be-reinvented-as-mobile-powerhouse-ceo/

¹⁴² www.moneyweb.co.za/news/companies-and-deals/koos-bekker-has-made-67bn-on-chinas-web/

¹⁴³ www.financialmail.co.za/2015/07/24/fine-print-why-koos-bekker-had-to-his-naspers-shares/

¹⁴⁴ www.bdlive.co.za/investorsmonthly/2015/11/02/how-far-can-naspers-keep-climbing

Naspers's stock. Bekker had no choice but to sell his Naspers's shares allocated with the position of being Naspers' Chief Executive Officer, since he had stepped down. Secondly, the tax implications for selling his Naspers' shares forced Bekker to sell about 70% of his stock, as he did not have the requisite capital to pay his capital accumulation tax account.

[Bekker] got a hefty tax bill equal to 41% of the profit he made. This is because he will have sold the 11,6m for between R23,6bn and R11,5bn (depending on the share price), minus his original cost of R2,05bn. For the SA Revenue Service, this represents a windfall of between R8,8bn and R3,8bn. Imagine getting that sort of tax bill in the post. (Rose, 24.07.2015)

Rose (24.07.2015) and Mittner (02.11.2015) further stated Bekker's decision to sell his stock did not negatively impact his influence in Naspers. Bekker still held 4.6 million 'N' shares in Naspers worth (ZAR 8.09bn), approximately one and one tenth percent (1.1%) of the company. Most importantly, Koos Bekker's significant influence still remained in Naspers, as part of the archaic control structure. While Naspers 'N' shares were "trading up a storm in the Johannesburg Stock Exchange (JSE), the real location of power is situated in privately held Naspers 'A' shares, which carry a thousand times voting power over the 'N' shares".¹⁴⁵ According to the Johannesburg stock exchange information, N-shares are similar to ordinary shares of a company (the ability to own a stake in company) but give investors minimal or zero voting rights in a company (Johannesburg Stock Exchange, 2017). 'A' shares, however, are limited to those shareholders who retain voting rights in the annual general meetings of the company.

[...] those "A" shares are owned by three opaque entities: Keeromstraat 30, which owns 30,8%; Nasbel, which owns 49,1%; and Wheatfields 221, which owns nearly 19%. So, who controls those three companies? According to a filing Naspers made in the US, those "A" shares "may be considered to be beneficially owned by certain directors of Naspers" — largely the old guard who were in charge decades ago. (Rose, 24.07.2015)

In sum, Koos Bekker remains something of a business legend, glorified and deified, but at the centre, still an enigma. While his business acumen has been almost universally celebrated, there have been strong critiques, as illustrated by the discussion above, and much of his own personal wealth has not been put under scrutiny. The sale of his shares, for instance, raised fears about the future prospects of Naspers, as if he was aware of

¹⁴⁵ www.jse.co.za/content/JSEEducationItems/N-OrdinaryShares.pdf

some sort of imminent tribulation facing the corporation; however, when it became clear that all he was doing was to settle his enormous tax bill, journalists were relieved, and the matter was swept under the carpet. Very little, if anything, was mentioned about the enormity of his accumulated wealth.

Theme Three: Naspers' investment in Tencent

The most dominant theme to arise from the reportage of Naspers by the selected business journals in the years between 2013 and 2016 was the investment in the Chinese Internet company, Tencent. As an early tech-company, Tencent has undergone substantial changes in a very short period of time, leading, expectedly, to different emphases in the reporting over the period. At least four major sub-themes of the Naspers-Tencent relationship have been identified in the current study:

- Naspers share prices increased through the corporation's investment in Tencent;
- Naspers were over-reliant on their investment in Tencent;
- The majority of the value in Naspers' shares lay with Tencent, and investors received the 'rest of Naspers as a free bonus'; and
- Tencent's decreasing share price during the period 2015-2016, a result of Chinese market volatility, negatively affected Naspers prices.

In the section below, each of these themes will be expanded on, with particular reference to the journalistic articles in which they were expressed.

In the year 2013, the gathered dataset simply stated that Naspers' business portfolio included their investment in the Tencent with a (34%) stake in the company (Moneyweb, 04.07.2013¹⁴⁶; Spillane, 15.11.2013a¹⁴⁷; Spillane, 12.07.2013b¹⁴⁸).

Initially, there was very little hype about the acquisition. Chris Spillane (25.12.2014)¹⁴⁹ simply noted that the increase in Naspers' market earnings was based on the contribution from Tencent and Mail.ru, the Russian email provider. "Tencent contribution to revenue gained 46 percent to 22.37 billion rand," (Spillane, 25.12.2014). Jamie Carr's (05.12.2013)¹⁵⁰ and Zweli Mokgata's (19.12.2013)¹⁵¹ articles highlighted that there were sceptics regarding Tencent's valuation. Tencent was seen to be "overweight in [the] Chinese instant messaging and online

¹⁴⁶ www.moneyweb.co.za/archive/mailru-to-dstvolster-naspers-bond-appeal-sa-cred/

¹⁴⁷ www.moneyweb.co.za/archive/naspers-earnings-may-fall-30/

¹⁴⁸ www.bdlive.co.za/media-advertising/2013/07/12/naspers-mulls-1bn-debt-sale-to-grow-global-portfolio/

¹⁴⁹ www.moneyweb.co.za/uncategorized/naspers-h1-heps-up-22

¹⁵⁰ www.financialmail.co.za/opinion/dimondandog/2013/12/05/diamond-dogs-naspers-naspers-esorfranki

¹⁵¹ www.financialmail.co.za/moneyinvesting/2013/12/19/koos-bekker-sas-media-revolutionary

gaming group [...], which compromises over 90% of the local group's market capitalization of over R415bn" (Mokgata, 19.12.2013). However, Naspers shares were still far ahead of their closest competitors in the listing media sector. Ron Derby (05.06.2014)¹⁵² further emphasized that Naspers's reliance on Tencent would not be problem as Tencent's stock had continued to perform above market standards.

That doesn't really matter given the continued market beating performance of Tencent, the most recent of which was a 60% jump in first-quarter income. On the day those numbers were released, Naspers's valuation jumped over 10%. (Derby, 05.06.2014)

A criticism that would be repeated over the entire four-year study period was fear that Naspers' market valuation was too dependent on their investment in Tencent. While there had been some discussion in 2013 that purchasing Naspers' shares enabled investors to acquire Tencent's value and get 'the rest' of Naspers 'for free', this theme really took hold of reportage in 2014. The valuation of Naspers' South African-based holdings hardly registered as "[t]he company's prospects [were] linked to the performance of a Tencent management team 12000km away from the company's Cape Town office." (Derby, 05.06.2014)

However, Derby examined the lack of diversity in Naspers strategy of being reliant on Tencent performance, as market diversity shields a company from potential risks that could occur. This point was argued in chapter two above. Derby (05.06.2014) stated that "there's something to say about diversity, or a lack thereof in the case of Naspers [...] It can't be too healthy to be so exposed to developments in one market, negating all attempts made by the company to diversify in its almost 100-year existence".

What is of greater concern than having all your eggs in one basket is that you aren't the one charged with looking after the proverbial "golden" egg. Instead, Naspers and its shareholders by extension are miles away. I am sure at Tencent board meetings their words and especially those of Bekker are heard. Maybe that's the reason the group asked him almost immediately to move into the chairmanship after leaving the CEO's chair. (Derby, 05.06.2014)

Sasha Planting's (23.06.2014a)¹⁵³ article merely stated Tencent was still the "crown jewel of Naspers' business portfolio", as the company had registered earning up to 19% of market value "driven by their mobile gaming, online advertising and e-commerce business". Planting (20.03.2014b)¹⁵⁴ further suggested that investors tended to notice that Tencent, along with the

¹⁵² www.financialmail.co.za/opinion/derbycounty/2014/06/05/derby-s-county-eggs-in-a-faraway-basket

¹⁵³ www.moneyweb.co.za/archive/naspersaggressivelyexpandsintomobileinternet/#

¹⁵⁴ www.moneyweb.co.za/archive/naspers-tencent-and-the-israelis

Russian company Mail.ru, accounted for the majority of Naspers' revenue. Planting explained that Tencent had incorporated mobile Internet into their business portfolio and saw the company increase their efforts monetize mobile services. Tencent had moved their instant messaging services (QQ) to primarily a smartphone service due to China having five hundred million smartphone users. Considering that this was written in 2014, this was a staggering number, and clearly the basis on which much of Tencent's value was predicated.

Chris Spillane and Janice Kew (13.08.2014)¹⁵⁵ explained that Bob van Dijk was not happy with Naspers' debt being cut to junk status by Fitch Rating, without considering their listed companies, such as Tencent. He argued that the Fitch methodology had ignored "the value of Naspers' listed assets, Tencent and Mail.ru valued at USD 55 billion, which more than adequately covers our USD 1.5 billion in net debt." (Spillane and Kew, 13.08.2014)

While, Tencent's stock value was trading at a modest level, 8% off their historic high, compared to Naspers, who are slight of their historic high market value. Sasha Planting's article (26.01.2015d)¹⁵⁶ argued that Tencent's stock price was less expensive than Naspers would be a shift in the coverage of Naspers investment in Tencent, in which the article issue surround Naspers' invest in Tencent had created a unique situation for potential investors. Planting had interviewed officials from the investment service company and their portfolio manager, Sasha Naryshkine, had stated that "[w]hen you buy Naspers you are paying for Tencent, and you are getting all its other businesses for free" (Planting, 26.01.2015d), a statement of the criticism made some years previously. However, Shamier Khan, the portfolio manager from another investment company, Element Investment Management, stressed that potential investors had the option of investing in Tencent and/or Naspers, dependent on whether Tencent's market value was fair or overpriced.

If you believe Tencent is fairly valued then I would argue that Naspers is a better investment than Tencent [...] However, if you believe that Tencent is overpriced then I wouldn't invest in either share. This then begs the question of whether there is value in Naspers at current levels. (Planting, 26.01.2015d)

Vestact, yet another investment entity, believed that Naspers were still a good investment as their legacy businesses were still generating sufficient profits to ensure their viability. The print media platform was still covering their costs while the pay-television platforms (DStv, MIH

¹⁵⁵ www.moneyweb.co.za/investing/equities/fitchcutsnasperstojunk/

¹⁵⁶ www.moneyweb.co.za/uncategorized/tencent-an-easier-route-into-naspers/

and MultiChoice SA) were highly profitable, but faced serious competition from the planned introduction of Netflix. Naspers Internet businesses, with the exception of Tencent, were making a small profitable contribution. However, Sasha Naryshkine suggested that Naspers business portfolio was indicative of their long-term strategy of identifying and investing heavily in new markets until they were satisfied that financial results were established.

Go back and look at when they were ramping up these businesses. They tried and failed at several businesses; this is no different to what they are doing with e-commerce businesses today. (Planting, 26.01.2015d)

However, Shamier Khan argued that Tencent shares were significantly overvalued at their current price and that their market share price had been inflated by their potential growth, leaving investors vulnerable as there would not have enough margin of safety to invest:

There is no doubting Tencent's performance. It has done well in China, in part because potential competitors like Facebook, Google and Twitter are prevented from operating in that country. "That's not to say the company is a poor operator, in fact Tencent's management is one of the better creators of value," Khan says. "But to maintain growth it has to globalise and that is where the risk is." (Planting, 26.01.2015d)

Khan further argued that Tencent business operations "online valued-added services (social networks, online games and financial services, advertising and e-commerce) were on the brink of plateauing; the growth in the Chinese Internet market was expected to become slow, as mobile penetration had already ready reached 89% and was ahead of the developed world average." (Planting, 26.01.2015d) In order for Tencent to continue growing their market price, the company would either have increase their market share acquisitions or hostility takeovers from their competitors. Subsequently, international expansion had become an option, but he was doubtful as to whether Tencent would be able to penetrate aggressive Western markets and maintain their success in unfamiliar territories.

Khan also noted that Tencent's private equity and implied growth rate were similar to "tech companies' (Cisco Systems, Intel and Microsoft)" during the information and technology (IT) boom period of the 1990's. Interestingly, these "tech giants have not been able to meet the implied growth rate" (Planting, 26.01.2015d) that was priced into their shares. Warned Khan:

Tencent's implied growth rate is higher than that was implied for the tech giants at the height of the tech boom. It's just one more reason to be cautious. My concern is that sooner or later the growth trajectory must decrease – Tencent's current historic PE multiple (PE: 43.46) is too great. (Planting, 26.01.2015d)

In the event, Khan need not have been concerned, since Tencent has continued

to rise in value unabated, and has more than doubled its share price and capitalization in the two years since Khan raised his unease.

Khan voiced another concern, which he conceded was low risk. Naspers had invested in Tencent through the latter's Variable Interest Entity structure (VIE), a formation that allowed for foreign investment in a Chinese company. However, the limitations of this move were that "Tencent's VIE's does not allow foreign investors to have direct equity ownership of the Chinese operating company" (Planting, 26.01.2015d). In effect, this meant that effective control was established through contractual agreements, and not through direct voting rights by the South African entity. Essentially, foreign investors' rights were not recognised in the Chinese courts. Furthermore, he explained that the Chinese government potentially could interfere with Tencent's VIE structure by relaxing China's foreign direct investment restrictions. Such action was deemed, by experts, unlikely as there have had many successful well-known companies with VIE structures listed on overseas stock exchange markets.

This, not incidentally, is a scenario that shares many similarities with Naspers division of the shares in 'N' (essentially non-voting) and 'A' (essentially executive or voting) shareholdings.

Belinda Cao's (08.01.2015)¹⁵⁷ article in *Business Day Live* noted that Naspers's market share had risen, and followed a similar trajectory to their subsidiary Tencent. Cao stated that Tencent's stock had increased, due to the recommendation of J.P. Morgan Chase to purchase the stock on the prospect that growth in Tencent's advertising revenue would boost their profits. In addition, Naspers' stock share had been "boosted by [the] announcement from the Competition Commission that it [had] conditionally approved the merger of its kalahari.net e-commerce unit with takealot.com." (Cao, 08.01.2015).

Fin24's (17.05.2015b)¹⁵⁸ article provided an in-depth discussion on Naspers' investment in Tencent. The article claimed that Naspers' investment in Tencent was on the 'precipice', due to the volatility of the Chinese market. Chief Executive Officer of Sanlam Private Wealth, Daniël Kriel, had stressed that Naspers' market value was too reliant on Tencent, in which 75% of Naspers' market value was generated. Kriel's concern was based on the Shanghai Composite Index's significantly increased levels of the market prices that were similar to market price levels prior to the 'dot-com bubble' in the year 2000: "The Shanghai Composite index had already doubled since August 2014 and, over the last nine months, Chinese shares have been

¹⁵⁷ www.bdlive.co.za/telecoms-technology/2015/01/08/naspers-follows-tencent-up-on-market-support/

¹⁵⁸ www.fin24.com/Tech/Companies/The-Naspers-dilemma-20150517#

the best performing worldwide.” (Fin24, 17.05.2015b). Kriel further that Naspers’ shares were extremely high-priced, and had just broken through the two thousand-rand (ZAR 2000) share price level. At the time (May 2015) this was the highest share price recorded on the Johannesburg Stock Exchange (JSE) and was a very significant milestone. Therefore, explained Kriel, Tencent had amply rewarded investors for placing their faith in their client’s share portfolio. However, he cautioned, investment managers still had a responsibility to seriously question the future of their clientele portfolios in Naspers’s investment in Tencent.

The article further examined investment managers’ views and noted that investment managers viewed Tencent as being part of group of public and private high-tech companies that were demanding high multiples worldwide. Tencent had a median private equity (PE) ratio, double of the median of a United States (US) technology company at the height of the US dot-com bubble.

Another problem investors faced with handling Tencent’s market portfolio was the nature and history of technology industry. For example, the aeronautical industry, from 1919 – 1939, had approximately three hundred airplane manufacturers, but only a handful are operational in contemporary society. These principles also applied to a majority of life-changing inventions of the past and make it difficult for investors to predict the long-term future of futures of technology companies.

Patrick Cairns’s (24.06.2015a)¹⁵⁹ suggested that the reason Naspers’s shares in Tencent had shifted the company into a proxy for Tencent, was based on the restrictions imposed by the Chinese government, which had made the Chinese trade market bigger. Cairns further noted that positive reviews on Tencent’s shares were based on concept of Tencent business model being different from traditional valuation methods. Thus, investors cannot apply traditional valuation methods and put themselves in a scenario of taking a risk when purchasing Tencent’s ‘different’ shares.

Sasha Planting’s (30.06.2015c)¹⁶⁰ article stressed that Naspers’s growth in revenue for their video entertainment and Internet businesses was centred on the contribution from Tencent. For example, Naspers, Internet businesses produced a mixed performance, but offered up a trading profit of a thirteen billion rand (ZAR 13bn), which was up from the previous year by six billion six hundred thousand rand (ZAR 6.6bn). “Within this, Tencent delivered profits of R17 billion,

¹⁵⁹ www.moneyweb.co.za/news/companies-and-deals/everybody-loves-naspers/

¹⁶⁰ www.moneyweb.co.za/news/companies-and-deals/tencent-carries-naspers/

up 96%, although this figure is slightly distorted by the sale of certain investments.” (Planting, 30.06.2015). Planting also indicated that Tencent’s growth further propped up Naspers’ diverse e-commerce business that were located at least forty (40) countries, and recorded a loss of six billion rand (ZAR 6bn), 14% more than the previous year. Yet, this was deemed a self-inflicted process by Naspers as they were determined to deliver a ‘superior’ customer experience that was ahead of their competition.

Business Day Live’s (04.07.2015d)¹⁶¹ article described that the causalities of China’s trade market volatility included Naspers’ market valuation, as the company had struggled to maintain their stratospheric valuation. Naspers’ investment in Tencent had exposed the company to a loss of 10%, since July 2015, and (1.1%) drop in the month of July. This highlighted the Naspers attempt to diversify their business away from Tencent, by “furiously looking at growing its e-commerce interest, which are not yet profitable” (*Business Day Live*, 04.07.2015d).

When Naspers’ market share price had risen to 12%, the increase was “attributed to the performance of its associate company in China, Tencent [...] Naspers’ share is highly correlated to Tencent’s share movement.” (Mochiko, 29.01.2015)¹⁶².

Sasha Planting’s (01.06.2015)¹⁶³ article examined Naspers’ shares and inquired whether investors should continue to invest in the company at their current high market valuation levels. In May 2015, “Naspers’ market cap [was] USD 64.9 billion and 34% stake in Tencent [was] worth USD 65 billion [USD].” (Planting, 01.06.2015). Planting explained that investors were wary of Tencent market price being valued fairly or not, since the company accounted for a majority of Naspers’ capitalisation. Sanlam Private Wealth Portfolio Manager, Emilie Fourie, stated that Tencent’s high market share evaluation was not unique, as other global Internet and high-tech companies were demanding high multiples.

Fourie further noted that the Chinese technology sector was up 70% year-to-date and soaring. The market level has Tencent’s media “P/E ratio double that of the median US technology company at the height of the US dot-com bubble.” (Planting, 01.06.2015).

Business Day Live’s (17.06.2015d)¹⁶⁴ article merely noted that Naspers’ shares had increased

¹⁶¹ www.bdlive.co.za/comapnies/2015/07/04/company-comment-naspers-hyprop

¹⁶² www.financialmail.co.za/money/investing/2015/01/29/naspers-online-retail-beckons/

¹⁶³ www.moneyweb.co.za/news/companiesanddeals/nasperstobuyornottobuy/

¹⁶⁴ www.bdlive.co.za/business/media/2015/06/17/naspers-flags-up-to-30-rise-in-annum/

to thirty percent (30%) in annual profit. *Business Day Live* noted that Naspers' shares included proceeds from Tencent, which were growing at 'breakneck speed' and had earnings that were likely to double.

Andries van Zyl's (18.06.2015)¹⁶⁵ article he interviewed Investec Asset Management portfolio manager, Rhyndard Roodt, and they highlighted that Tencent business made Naspers more appealing, as well as certain aspects of their business were deemed very appealing, specifically their extensive cellphone user-base, their ability to use its platform optimally and their growth in cellphone advertisement.

¹⁶⁵ www.moneyweb.co.za/moneywebradio/rsgterugnadietokoms/naspersgrowthprospectsforchinesemarketmindboggling/

Chapter Eight

Conclusion

This study sought to examine and explore the transition of Naspers' business operationalisations towards e-commerce based model and was able to determine the following. Naspers' transition towards e-commerce model was built upon their business ingenuity rather than their dependency and incorporation of societal technological development. As previously noted by the works of Johan Muller (1987) and Alex Mouton (2000) and Stella Viljoen (2006), Naspers business acumen has been part of the company's ethos since inception since their business acumen enabled the company to expand their business operations, through a series of start-ups and mergers, into a profitable region, i.e. the Transvaal Afrikaner (Muller, 1987). Viljoen's work could be deemed the first inclination of Naspers' embracement of technology at their behest, (Graphic revolution of the 1950s saw Naspers change their magazine covers from text to pictures of Afrikaner women to promote Afrikaner nationalism). In addition, Naspers' business foresight saw their senior officials consolidate their Afrikaner press hegemony, through their flagship newspapers Die Burger and Die Beeld, by establishing a strong association with the ruling party (The Nationalist Party). The strong association with the Nationalist Party (NP) enabled the company in conjunction with other press houses to obtain the license to establish a privatised pay-television channel, called M-Net, after Naspers had bought out their partners.

Naspers' business ingenuity further enabled the company to navigate the democratic changes occurring in South Africa, in which Naspers were able to better position their business operations by embracing the new multicultural and multiracial South Africa (due to The African National Congress (ANC) democratic ascension into power) and unbundling their fringe business operations and keeping their core business operations (Tomaselli, 2000).

The thesis has answered the following questions on the phenomenon of Naspers and e-commerce. Firstly, in what way has Naspers' business operations transitioned from operating on heritage media platforms (print and broadcasting) to become a transnational company operating on the e-commerce platform? Secondly, how has the South African Press reported their coverage of Naspers? The first question was answered by incorporating the rubric of the

political economy of communication. As previously stated in chapter two, political economy of communication seeks to understand the social processes that occur in the evolving information and communication industry by exposing their inner veracities, in terms of the players, activities, environments, and motives and side effects (Mosco, 1996). This thesis focused on certain principles of the political economy of communication; namely the economic sphere, the technological development and the ideological ethos.

The economic sphere consisted of two sections, the allocative control section and economic activities section. The allocative control section focused primarily on the senior officials that shaped the operationalisations of the various business entities. This thesis concluded that Naspers' chief executive officer (CEO) held the power to shape the company's business operations based on the company's 'pyramid control system'.

The chief executive officers that transitioned Naspers towards an e-commerce based model were firstly, Koos Bekker, who had decided to use the capital generated by Naspers pay-television subsidiaries (M-Net and MultiChoice) to invest in various global, and local Internet-based companies. Bekker would strike gold when their investment in a Chinese-based Internet company called Tencent, would begin to generate substantial profits for Naspers in late 2012 early 2013, as well as, Russian-based Internet company called Mail.ru. The success of Naspers' investment in Tencent would fuel Bekker's decision to invest heavily in the acquisition of various global e-commerce based companies. Secondly, Bob van Dijk's appointment as Naspers' new Chief Executive Office, after Koos Bekker had decided to step down, further fuelled the company's transition towards an e-commerce business model. Van Dijk was tasked with improving Naspers' stable of e-commerce businesses and continuing Koos Bekker's policy of further investment of e-commerce acquisitions.

Naspers' chief executive officers' decision-making process fuelled the company's transition towards a predominately based e-commerce model. This was firstly initiated by Koos Bekker, who was the CEO from 1997 – 2014 and then Bob van Dijk who was appointed the new CEO in 2014 after Bekker had stepped down and assumed the role of non-executive chairperson. The economic activities section involved examining the 'acquisitions and mergers' of the various business entities. This thesis concluded that Naspers and their Chinese subsidiary Tencent had been engaged in a series of acquisitions and mergers, fuelled by a heavy injection of capital that allowed both business entities to consolidate or expand their business.

The technological section explored the technological development of the several business companies. The thesis concluded that Naspers transitioned towards an e-commerce based business model that had seen the company undergo significant technological development, and had also affected their heritage business operations. However, technological developments were not primary cause or ‘gasoline’ that thrust Naspers towards becoming a predominately Internet based company, rather business ingenuity and foresight could be credited for this movement.

The ideological section involved understanding the ethos of the business entities at the management and operational levels. This thesis was able to ascertain that Naspers’, at the operational level, had shifted away from their nationalist rubric; however, at the management level the ‘old guard’ still held the means of ownership, although the company had diversified its ownership portfolio.

Regarding the second question (‘how has the South African Press reported their coverage of Naspers?’), this thesis identified numerous themes within the dataset, but determined that the following themes were significant. The first theme alluded to Naspers’ South African e-commerce business’ (kalahari.com) merger with takealot.com. This research determined that the reportage of the merger highlighted Naspers’ sound business acumen in maintaining their market share in a difficult e-commerce environment and allowing their subsidiary to be disposed. The second theme involved the reportage of Koos Bekker and Bob van Dijk. This thesis realized that the majority of the newspaper coverage hailed Koos Bekker for his work in transforming Naspers from a print media company into an e-commerce-based business company. While there was one dissenting article, the majority of the coverage glorified Koos Bekker to such an extent that they have created a ‘mystique’ of his accomplishments. The finally theme consisted of examining the coverage of Naspers’ overreliance on Tencent. The thesis comprehended that the topic was initially given little coverage, but over the years this intensified.

The dataset used in this study covered the period 2013-2016. Subsequently, the narrative of Naspers has not left the public domain; and indeed, many of the themes dealt with in this thesis have developed over time. Future study could fruitfully uncover further themes, and expand or contradict the insights gained during the present research.

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