Innovation and Dynamic Capabilities in Media Organisations in South Africa

Lazola Dabula: 743940

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ABSTRACT

Media organisations are constantly facing major transformational changes as a result of emerging disruptive innovations, both internal and external to the media sector. While research shows that those who are emerging as top performers in a rapidly changing environment are those who are responding to these changes effectively, media organisations experience a variety of challenges that affect their ability to effectively respond. This ultimately affects their performance and growth.

The goal of this study is to investigate and observe how the Dynamic Capabilities framework can help media organisations develop the necessary capabilities to respond effectively to the constant changes in the market and maintain long-running performance. The study aims to explore an in-depth and practical understanding of how media organisations in South Africa recognise, response and adapt to innovation and technological advancements. The purpose is to suggest an opportunity to close the research gap in knowledge exploring the activities and processes required to develop dynamic capabilities that spur superior organisational strategies that improve the firm's performance.

Through a case study design, using a qualitative methodology, the study seeks to map out the findings collected via semi-structured interviews from case study participants and media experts, against the theoretical lens of the Dynamic Capabilities framework and discuss possible future research priorities in the media industry.

DECLARATION

I, Lazola Dabula, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Management in Innovation at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Name: Lazola Dabula Signature:

Signed at Johannesburg

On the 06 day of July 2022

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CHAPTER 1: INTRODUCTION

1.1 PURPOSE OF THE STUDY

This research study seeks to observe how media organisations develop capabilities in order to recognise, respond and adapt to rapidly changing environments in the media industry in South Africa. The aim of the study is to explore the necessity and practicality of developing dynamic capabilities that support organisational efforts aimed at recognising, responding to and adapting innovation and maintaining long-running superior performance.

Media organisations are constantly facing major transformational changes as a result of emerging disruptive innovations, both internal and external to the media sector. These disruptions are mostly brought about by technological advances such as digitalisation and polymediation, which challenge media organisations to learn how to develop capabilities that can enable them to adapt to these continuous changes, and maintain superior business performance, in a market that is becoming increasingly competitive. Technological advances result in significantly improved or new product and services, that introduce new segments in the industry, as well as fuel changes in spending and consumption patterns by consumers, and erode existing markets, segments and business models (Aggarwal et al., 2016).

For instance, polymediation can be defined as both the process and product resulting from media producers and consumers, inclusive of anyone who has access to media tools (Herbig et al., 2014). It signifies that we are now living in a world of co-creation, where media is all around us, made by us, for us (Bird, 2011). This ability to create, produce and distribute allows anyone to be a media "specialist", which can be very complex and drive further competition in the industry. Another example is in the technology advancements of sound recording and digitalisation. Gartner's IT glossary, (Gartner, 2022) describes digitalisation as the use of digital technologies to change a business model and provide new revenue and value-add opportunities; in essence the process of moving to a digital business.

This is how podcasts emerged and are now competing with radio audiences, while audiences increasingly choose personalised new media over traditional platforms. Audiences are also now able to produce and distribute their own content at a click of a button on their mobile applications.

These changes in the industry call for media organisations to respond by introducing significantly new and improved products and services in the market. If they do not respond, they run the risk of stagnant or deteriorating revenues and loss of market relevance. The performance of media organisations is critical to the growth and transformation of the media industry, which has a social, economic and political imperative to uphold.

This presents an opportunity to explore the most effective ways to recognise, respond to and adapt innovation, while maintaining long-running superior performance. These frameworks need to be strategic in nature, yet flexible enough to be adaptable in varying environments characterised by constant and rapid changes.

The intended outcomes for this study are to understand the existing process and activities followed by media organisations in developing capabilities in order to establish how media organisations could best compete in this rapidly changing environment. The study seeks to draw conclusions by mapping the findings against dynamic capabilities theory in strategic management of innovation. Also, the aim is to suggest the possible theoretical landscapes and frameworks for dynamic capabilities in media.

1.2 CONTEXT OF THE STUDY

Transformation of the media industry is rapidly accelerating at a global level. The emerging innovations in global markets, such as advancements in communication technology, have had a significant influence in changing consumer behaviours, preferences and consumption patterns. These also introduce new market segmentations and shifts in business models and revenue structures. As a result, media organisations around the globe are targeting their efforts at recognising what these changes mean, responding with new products and service and continuously re-configuring to keep up (Storsul & Krumsvik, 2013).

In the South African context, which is where the study is based, the same transformational changes experienced globally impact the South African industry as well. However, when looking at the response rates and comparing that with the growth and revenue rates, South Africa remains in the lower quadrants. To realise the projected potential to move to levels on par with the global average, media organisations in South Africa have to invest in efforts to respond to these changes by introducing significantly new products and services. This is also significant for the social, economic and political imperatives of media, that rely on the performance of media organisations collectively.

Media practitioners and scholars have identified a variety of strategic management tools originating from within and outside of the media industry, in an attempt to strategically guide their efforts towards recognising, responding and adapting to innovation and technological advancements. The Dynamic Capabilities framework is one of the strategic management frameworks that have been identified as adaptable in the media industry (Murschetz et al., 2020). The framework details the foundations of the capabilities necessary to help media organisations effectively respond to changing environments, while maintaining long-running superior performance.

The Dynamic Capabilities framework was popularised by David Teece, Gary Pisano and Amy Shuen in their 1997 paper "Dynamic Capabilities and Strategic Management".

1.3 RESEARCH PROBLEM STATEMENT

The media industry is constantly facing rapid changes as a result of innovation and technological advancements, in and around the industry (Küng, 2017). Media organisations experience a variety of challenges that affect their ability to effectively recognise, respond and adapt to innovation and maintain long-running superior performance. Their inability to respond to these changes ultimately affects their performance and growth. Research shows that within the various media sectors, those who are emerging as top performers in a rapidly changing environment, are those who are responding effectively (Myburgh & Stuart, 2019).

There is a gap in knowledge in literature that addresses the issues affecting media organisation's ability to respond effectively. Literature should address the foundations of the capabilities necessary to help media organisations to respond effectively to changing environments, while maintaining long-running superior performance.

Whilst literature on media innovation generally acknowledges the importance of building and strengthening media management capabilities and why these are important for competing in a market that is highly influenced by disruptive innovations (Küng, 2007). There is an opportunity to leverage the Dynamic Capabilities framework in context of innovation in the media industry. Dynamic Capabilities is a Strategic Management theory that can facilitate the gap in media management theory in an innovation context.

This forms the basis of this study, whose goal is to investigate and observe how the Dynamic Capabilities framework can help media organisations develop necessary capabilities to respond effectively to the constant changes in the market and maintain long-running performance.

1.4 SIGNIFICANCE OF THE STUDY

The media industry plays a significant role in the country's economy, societal wellbeing and political movements (Rosie Parkyn, 2016). Therefore, investment in research that advances the media industry should be priority. As such, this research study seeks to contribute to the media industry knowledge that speaks to a strategic management framework that allows for development of capabilities necessary to effectively respond to the constant changes in the market.

The significance of this study is that, by bridging the existing knowledge gap, media organisations could employ a framework that supports their efforts towards recognising, responding and adapting to innovation while maintaining long-running superior performance. Media owners, practitioners, and media industry scholars could benefit greatly from this knowledge and future research spurred on.

For instance, when media organisations are able to improve and maintain performance, competition is heightened, investor activity increases and growth is stimulated (Rosie Parkyn, 2016). The individual growth of media organisations translates into the collective growth that is aimed at reaching the projected growth rates. The framework also enables the ability for future proofing media organisations against the constant rapid changes. By continuously realigning and reconfiguring their efforts, media organisations can be able to proactively respond to changes and stay ahead of the curve.

To conclude, the effective application of the Dynamic Capabilities framework also contributes to future research of Dynamic Capabilities and Strategic Management as well as Media Management and Innovation theory.

1.5 DELIMITATIONS OF THE STUDY

- This study is limited to media management, strategic management of innovation and dynamic capabilities.
- The data collection is limited to the South African media industry.
- The study relies heavily on semi-structured interviews that are mainly based on individual insights, opinions and perspectives.
- The selection of case study participants and other interviewees is based on their market performance, experience and length of service in the media industry.
- Detailed confidential strategies will not be discussed, and this may limit the type and amount of data collected.
- Availability of the participants, due to COVID-19 restrictions, and adherence to the projected time frame for interviews may have an impact on the timing of the research study.

1.6 ASSUMPTIONS

- It is assumed that the participants were transparent, honest and open about the information they conveyed.
- The media organisation/individuals who participated in the study have significant activities and processes that were used in the findings of this study.
- The selected participants have a broad understanding of media management and development of capabilities in the South African media industry.
- The study assumes that the performance outputs of the selected organisation is the best method for the selection.
- The study assumes that high performing media organisations are likely to have dynamic process and activities in management that enhance performance.
- The findings from the cases explored can be integrated into a conceptual framework that is reliable and replicable.

1.7 DEFINITION OF KEY TERMS

Innovation

An innovation is the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organisational method in business practices, workplace organisation or external relations (OECD, 2005)

Media organisations

Media organisations are those that use tools such as radio, TV, print, digital as an entertainment and communications medium. They share the production, publication and distribution of media texts (Küng, 2017).

Dynamic Capabilities

Dynamic Capabilities are defined as the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments (Murschetz et al., 2020).

Strategic Management of Innovation

Strategic Management of Innovation is concerned with using appropriate strategic management techniques and measures to augment the impact of the firm's innovation activities on firm growth and performance (Keupp et al., 2012)

Media innovation

Media innovation is related to product, process, position, paradigmatic and social innovation, at varying degrees of novelty, including changes in several aspects of the media landscape – from the development of new media platforms, to new business models, to new ways of producing and distributing media texts (Storsul & Krumsvik, 2013).

1.8 RESEARCH QUESTIONS

Key question:

The objective of this study is to gain an understanding of how media organisations recognise, respond and adapt to innovation and maintaining long-running superior performance.

In particular, the study addresses the following research questions using the established context of the media industry and the guiding pillars of the Dynamic Capabilities framework:

1. To what extent are innovations and technological advancements in and around the industry driving transformative change?

2. What formal and informal systems are in place to learn, filter, shape and calibrate opportunities?

3. What are the organisational structures, procedures, designs and incentives in place for seizing opportunities?

4. What organisational processes and structures are in place to maintain continuous alignment and configuration of assets?

1.9 OUTLINE AND STRUCTURE OF THE REPORT

This research report consists of six chapters namely:

- **CHAPTER ONE: INTRODUCTION**

This chapter introduces the purpose of the study and the identified research problem, as well as key concepts, limitations and assumptions under the study.

- **CHAPTER TWO: LITERATURE REVIEW**

This chapter reviews the literature informing the study. It expands of the research gaps identified in the study, as well the theoretical and conceptual framework related to the study.

- **CHAPTER THREE: RESEARCH STRATEGY AND METHODOLOGY**

This chapter describes the proposed research strategy, design and methodology that will be adopted to answer key research questions of this study. The chapter also highlights proposed data analysis process and potential limitations of the study.

- **CHAPTER FOUR: PRESENTATION OF FINDINGS/RESULTS**

This chapter presents the data findings from the data collection process described in chapter 3. Furthermore, the chapter draws an analysis of the key outcomes of the research questions.

- **CHAPTER FIVE: ANALYSIS AND DISCUSSION OF RESEARCH FINDINGS**

This chapter covers a synthesized discussion of the findings, both from primary and secondary research data, in line with the literature and draws conclusions, recommendations and suggestions of the study.

- **CHAPTER SIX: CONCLUSION AND RECOMMENDATIONS**

This chapter summarises the majors findings, key conclusions, recommendations of the study and gives suggestions for future research.

1.10 CONCLUSION

The study aims to explore an in-depth and practical understanding of how media organisations in South Africa recognise, response and adapt to innovation and technological advancements. The purpose is to suggest an opportunity to close the research gap in knowledge exploring the activities and processes required to develop dynamic capabilities that spur superior organisational strategies that improve the firm's performance. Through a case study design and a qualitative methodology, the study seeks to map out the findings collected via semi-structured interviews against the theoretical lens of the Dynamic Capabilities framework and discuss possible future research priorities in the media industry

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

This chapter critically evaluations peer-reviewed literature including industry expert reports and scholarly books on media organisations globally, in Africa and particularly in South Africa. The literature reviewed will cover themes of the state of media globally and locally by way of reviewing some of the notable transformational changes as result of rapid changes in the market and how they are calling on media organisations to respond to these changes effectively. The chapter also covers an overview of the theory base, namely Dynamic Capabilities and Innovation theory, and the conceptual framework of the study.

2.2 LITERATURE REVIEW

2.2.1 Current state of media in in global and local markets

The introduction of television in the late 1930s marked the beginning of a new era, spurring a global phenomenon in the media industry. The impact of this disruptive change has spanned across all mediums of entertainment, communication and marketing, including news, radio, film and advertising (Zhongua et al., 2021). Television and other forms of traditional media are now subjected to a digital evolution of information and communication technology, forcing them to adapt. The introduction of internet-based technology has also created a surge of new media mediums, including online, mobile, streaming and any other digitally delivered media (Zhongua et al., 2021).

In capturing the value of digital technologies, media organisations need to be aware of some of the implications to be considered such as the evolution of platforms and patterns impacting audience ratings and media organisations need to meet consumers where they are (Bivens, 2008). Content creators need to curate content for digital formats and ensure continuous engagement with consumers to cultivate long-term relations and become the main source of insights for new product and service development (Vizjak & Ringlstetter, 2003). Investors may become unsettled with these new changes, and so business models and revenue structures need to be recalibrated (Teece, 2018).

This global impact translates to local markets like South Africa, where the growth of new media technology, surpasses that of traditional media. In 2018, the South African media and entertainment market, comprising of consumer and advertising spend, rose 7.1 year-on-year, from 120.4 billion to 128.9 billion. By the end of the five-year forecast period in 2023, this figure will have increased at a 5.8 CAGR to 170.5 billion (Myburgh & Stuart, 2019).

The consumer spend on internet access has proven to be a major contributor to overall media and entertain revenue, showing a net rise of R5.4 billion to this metric in 2018, making up 64% of the total rise in entertainment and media revenue. Double-digit increases can be attributed to mobile internet access and mobile internet penetration, reaching the peak of their organic growth by 2023. (Myburgh & Stuart, 2019)

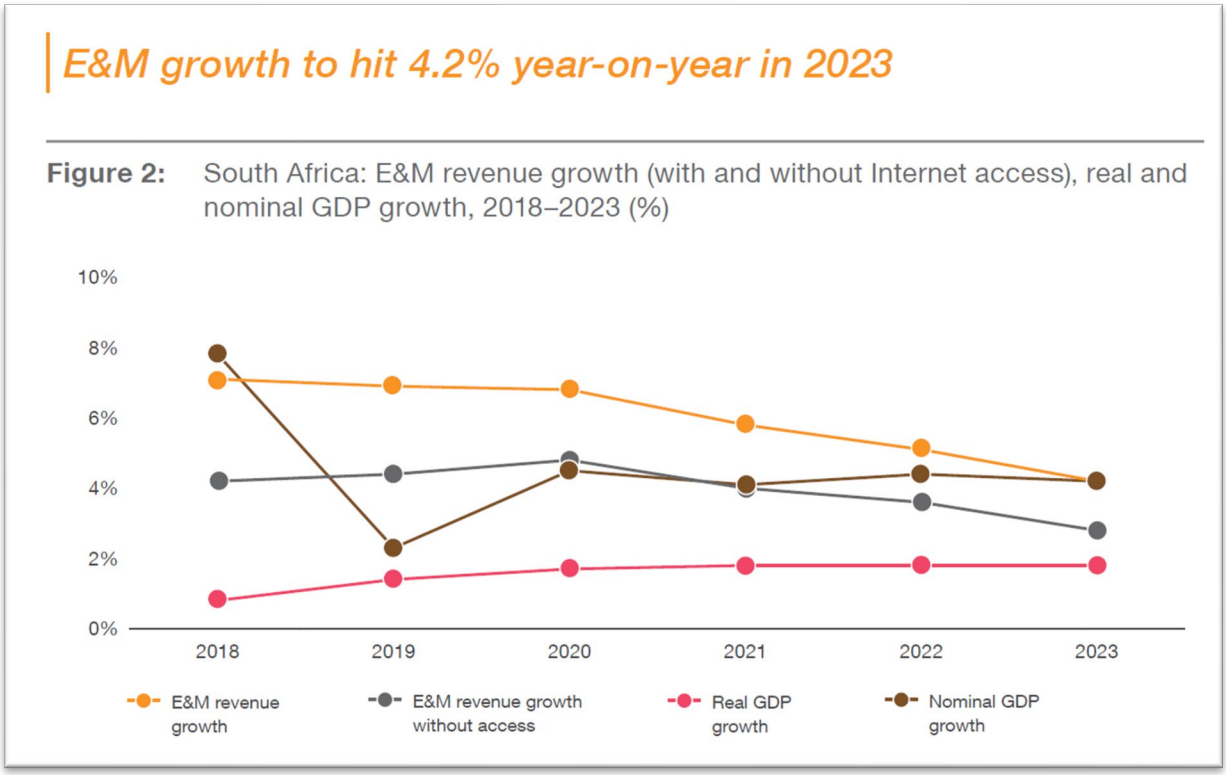

Figure 1: Graph shows that growth outside of internet access in difficult to find

Source: (Westcott, 2017)

Considering the scale on the global average for revenue and growth, South Africa falls squarely in the low growth, low revenue quadrant, however with future projections of digital growth, the margins are closer to the middle set at 4.0 CARG growth in 2023. It is also important to note that despite the existing macroeconomic conditions in which local media and entertainment operate, there is still empirical evidence for potential to be reclassified. The tipping point of digital revenue outweighing non-digital revenue was reached in 2019, and the 2023 forecast sees an absolute year-on-year rise of R5.9 billion, while non-digital growth records R1.1 billion (Myburgh & Stuart, 2019).

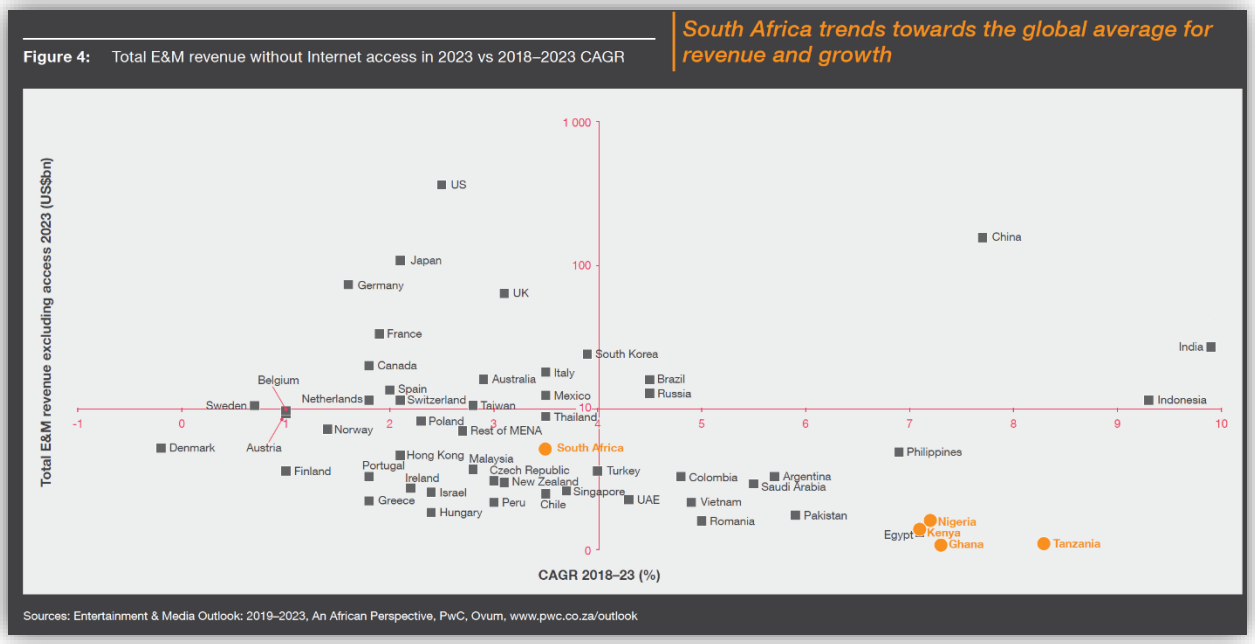

Figure 2: Graph SA trends towards the global average for revenue and growth

Source: (Westcott, 2017)

While growth is ongoing in the sector, it is still experiencing the disruptive effects of digital technologies and new digital market entrants (Gschwari & Sinclair, 2019). Industry experts suggest that embracing digital technologies the South African media could generate an additional R93 billion in value by 2026 for the local media industry and society (Gschwari & Sinclair, 2019). This projection will come by media organisations understanding how the value created by digital technologies can be captured to lay the foundation for transformative strategies that guide efforts and investments towards delivering growth.

In addition to embracing the value of digital technologies, media organisations also have the opportunity to leverage other innovative solutions that solve for the consumer needs in a targeted ways, taking advantage of new media concepts like hyper-personalisation and contextualisation, content fragmentation (Vizjak & Ringlstetter, 2003).

Global industry players are continually entering the South African market with advanced digital solutions, platforms and experiences, challenging local players to step up (Vizjak & Ringlstetter, 2003). In local media environments, the remaining competitive edge is in the uniqueness of local content creation. In print media, viewers are fast becoming their own journalists as social media opens a whole global world of news and stories, easily accessible on a mobile device (Paterson, 2013).

Players like the Daily Maverick and Media24 have completely transformed to digital platforms, with little to no physical print presence. Broadcasters are seeing big global players such as Netflix coming in with new offerings of endless content from all over the world. Viewers are spoilt for choice. Local players like Multichoice are stirring up the local market with new products like Showmax, that are successfully competing against global giants like Netflix, Disney and Amazon Prime (Msomi, 2022)

It is in this context, that this study attempts to observe and understand a case of how media organisations develop capabilities necessary for effectively responding to constant changes and disruptions from global and local markets. The case of Connected Video, a subsidiary of Multichoice, home to Showmax, can provide an opportunity to explore the various activities, processes, structures and procedures associated with identifying opportunities and seizing them in a transformative way.

2.2.2 Key transformational changes and implications in the media industry

In all of Africa, major systems and structural changes have been observed in the last two decades. These changes are referred to as media transformation in South Africa and they coincide with global media transformations (Kupe, 2004). These media transformations are a key point of interest in the industry, considering the role of media and communications in human development, socio-economic development and modern societal transformations (Nordenstreng, 2017). Scholars and practitioners in the market are battling to find ways to keep up with and respond to technological developments, which contributes to the ongoing debate about the developmental direction of the industry and how this plays out practical in the market place (Chasi & Rodny-Gumede, 2020).

Amongst other major transformations that have been witnessed in the industry such as gains in freedom and independence, diversity across the board, and the contribution of the state; structural changes in terms of the digital content ecosystem are key to note as well (Oliver, 2019)

For the purpose of this study, the following trends are noted that have the potential to transform the way media organisations innovate in response to these rapid market changes:

1. **Change in audiences' choices:** the introduction of digital channels has resulted in evolving viewing screens (from big screens to small mobile screens), shorter program lengths and formats, availability of content in bulk (binge watching) impacts the formats of content and the creation processes, as well as distribution channels (Bivens, 2008).
2. **Changes in business models and revenue structures:** the changes in the traditional content ecosystem is resulting in changes in business models and revenue structures (Dogruel, 2015). Trending models such as low-priced and subscription-based models have the potential to disrupt traditional models (Westcott et al., 2021). Media owners have to consider these trending models and understand how they can leverage them.

3. **The competition for audiences' attention:** the need to build and cultivate relationships with viewers for the long run is increasingly growing as brand affiliation and loyalty is on the rise; influencing audience building models. Media owners need to embrace the available channels to target and engage audiences where they are, offering them what they need, to build lasting connections. Data analytics play a critical role in achieving this (Zhongua et al., 2021).

4. **Managing shareholders in an ever-changing world:** the changes that have been observed in the industry over the years have made investor confidence drop, affecting the overall stocks in the industry. This coupled with investors migrating to social media and newer platforms, creates a need for media organisations to re-position themselves in the market (Sinan Aral et al., 2013).

These changes in the industry call for media organisations to respond by introducing significantly new and improved products and services (ideally digital or technological) in the market. If they do not respond, they run the risk of stagnant or deteriorating revenues and loss of market relevance (Granados et al., 2017). The performance of media organisation is critical to the growth and transformation of the media industry, which has a social, economic and political imperative to uphold (Rosie Parkyn, 2016).

This presents an opportunity to explore the most effective ways to recognise, respond to and adapt innovation, while maintaining long-running superior performance. These need to be strategic in nature, yet flexible enough to be adaptable in varying environments characterised by constant and rapid changes. Harris et al. (2013), suggest that when media organisations develop dynamic organisational capabilities, they are able to make the necessary strategic changes needed to exploit emerging innovations.

Therefore, there is a need for a dynamic strategic management framework that can guide media organisations in their efforts to respond strategically and effectively. Küng (2007), advises on the importance of distinguishing the characteristics that could best inform the selection of a framework fit for the media industry. These include:

- **Inevitable technological change:** despite content trends, to a large extend, the existence of media organisations is rooted in technological advancements (Küng, 2017) and it is important to note that technological change has been a consistent and longstanding management challenge (Küng, 2007).
- **Creative nature on media:** in economic terms, such cultural goods can rarely be standardised on a long-term basis, meaning change is a constant in the nature of the business (Küng, 2007) .
- **Nature of content changes:** In spite of decades of research and increasingly sophisticated marketing techniques, it is almost impossible to make reliable predictions for the future.

Future research goals for studying media management needs to be purposeful in building a bridge between the general discipline of management and the nuances of the media industry and media organisations (Chan-Olmsted, 2006). As such, the purpose of this study is to explore the possible role of the Dynamic Capabilities framework, as a strategic management framework geared at supporting organisational efforts to recognise, respond to and adapt innovation and maintain long-running superior performance. This research also notes that innovation in the context of this industry is a critical dynamic and therefore it should be possible to be addressed via the Dynamic Capabilities theory.

Kupe (2004) suggests that research in communication, media, cultural studies and journalism in Africa needs to be reassessed and, if need be, new theoretical and methodological tools have to be developed to address these changes and changing media contexts.

Literature in the strategic management of innovation has revealed some theories that have been applied in other industries and international media organisations that can possibly be explored in media research, such as dynamic capabilities in the media sector. According to Jantunen et al. (2012) media organisations with better restructuring capabilities have a better chance at leveraging their operational capabilities in innovation management. Furthermore, Naldi et al. (2014) tested the relationship firm performance and dynamic capabilities; finding that dynamic capabilities have a positive effect on media firm performance.

2.3 THEORETICAL FRAMEWORKS

Theoretical concepts that are relevant to this study are Dynamic Capabilities as a strategic management theory and concepts of Innovation theory. The conceptual framework (on page 34) designed to carry out this study is founded within these theories.

The main questions that underpin digital technology disruptions in media organisations is how do media firms manage the digital transition, how is management reconfiguring to adapt to the transition and how can long-term strategies be built around these rapid changes (Oliver, 2019).

Rad (2017) talks about how firms can exploit disruptive innovation such as media digitalisation by adjusting their strategies, by improving their organisational dynamic capabilities. Dynamic organisational capabilities, whether in technology and structure or in human capital and other areas, can be one of the sources of competitive advantage, and this advantage is rooted in an effective recognition of disruptive innovations by managers (Harris et al., 2013).

As such, the Dynamic Capabilities framework can be explored in how it can assist in developing the necessary capabilities to improve performance and gain a competitive advantage.

2.3.1 Dynamic Capabilities

The Dynamic Capabilities theory was introduced by Gary Hamel in 1989 who established the significance of multinational strategic research leading to core competences of the corporation. In 1995, Ikujiro Nonaka and Hirotaka Takeuchi described it in their book on innovation strategy *"The Knowledge-Creating Company"* (Čiutienė & Thattakath2, 2014).

Shortly after that, David Teece, Gary Pisano, and Amy Shuen, in their 1997 paper *"Dynamic Capabilities and Strategic Management"*, defined Dynamic Capabilities as "the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments" (Murschetz et al., 2020). Dynamic Capabilities are idiosyncratic in nature, making then unique to each organisation (Teece et al., 1997)

The Dynamic Capabilities framework is underpinned by four main concepts (Murschetz et al., 2020):

1. The focus is on changes at an organisational level.
2. There is a process of adaptation that is based on the organisation's ability to reconfigure capabilities and competences.
3. The adaptation process requires deliberate investment in organisational learning of processes and routines that produce positive results and sustain performance.
4. The adaptation process is either incremental or radical to accommodate fast turnarounds in fast-moving, ever-changing market conditions.

In his paper called *"Explicating Dynamic Capabilities: The Nature and Micro-foundations of (Sustainable) Enterprise performance*", (Teece, 2007)discusses the micro-foundations of the capabilities necessary to sustain superior enterprise performance. These are particularly useful in open economies, with rapid changes and global influences of inventions, innovations and manufacturing capability.

He positions Dynamic Capabilities as a framework that enables an organisations to create, deploy and protect assets that support the objective of long-running superior performance (Teece, 2007). The capability to do this lies in the distinct skills, processes, procedures, organisation structures and incentive designs that support the organisations sensing, seizing and reconfiguring capacities. These are difficult to develop and deploy and require consistency in routines that support superior long-running performance.

2.3.1.1 Sensing (and shaping)

Sensing is the act of scanning, searching and exploring across technologies and markets, globally and locally (March & Simon, 1958). It is primarily aimed at continuously searching for new ideas and opportunities in the market, with the aim of using the collected information for the purposes of selecting and developing new products and services. The information must also flow to leadership and management who are able to made strategic decisions in light of the information. Sensing activities can take many forms, embedded processes in the organisation that:

- tap in direct research and development and selection of new technologies.
- explore supplier and complementor innovation.
- look into developments in exogeneous science and technology.
- identify target market segments and changing customer needs.

2.3.1.2 Seizing opportunities

When new opportunities are sensed and identified, they need to be actioned by introducing new products, processes and services in the market (Teece, 2007). Once a dominant idea or design emerges, the following process of strategic decision-making sets the foundations of what structures, processes, procedures and incentive designs will best support and enable successful deployment of new products, services and processes (Teece, 2007). These activities will guide organisations in seizing the best fitting solution, by:

- Following procedures for delineating the customer solution and business model, so that the precise solution that organisation is solving for is clear. This involves the processes of selecting the technology and product architectures, designing revenue models and mechanisms to capture value.
- Selecting decision-making protocols that help with identifying inflexion points, complementors and help avoid decision-making errors and issues of cannibalisation.
- Selecting organisational boundaries to manage complementing assets and platforms, by calibrating assets and identifying bottlenecks that do not serve the business objective.
- Building loyalty and commitment by demonstrating leadership, communicating effectively and grooming a healthy culture, conducing for success.

2.3.1.3 Transforming

The sustained performance lies in the ability to realign and reconfigure assets and organisational structures as the business grows and transforms, and as markets and technologies change over time (Teece et al., 1997). Routines assist in maintaining continuity in shifting environments (Teece, 2007). This includes continuous assessing of processes, procedures and structures that continue to best serve the business objective and discarding or renewing those that do not. The routines are founded in decisions about:

- organisational structures that are conducive for performance and how integration and skills coordination is managed
- managing strategic fit of assets
- knowledge management and how learning and development will be maintained
- governance structures that can achieve incentive alignment and minimise potential risks and issues.

Organisations that possess strong dynamic capabilities are very entrepreneurial in their approach, such that they do not only adapt to the market changes, but they reshape them by innovating and collaborating with other key players in the market (Teece, 2007). There is also the obvious role of leadership in guiding these processes

and activities by making quality decisions, communicating goals, values and objectives across the organisations, while maintaining motivation levels of employees.

2.3.2 Innovation Theory

The need for media organisations to respond to rapid changes in the market, informs the act of developing and producing new products, services and processes. The Dynamic Capabilities framework suggests that the routine in realigning and reconfiguring assets yields significant levels of incremental innovation (Teece, 2007). It is when organisations want to radically innovate that they have to fundamentally renew their assets, and revamp organisational structures, processes and procedures (as is the case with Multichoice and the introduction of Connected Video, as discussed above). It is also in the continued dynamism that organisations eventually get to a level where they are no longer merely adapting to changes, but start to introduce new or significantly improved products, service and process that contribute to reshaping the market.

It is for these reasons that this study employs the Innovation theory as an attempt to understand how media organisations can respond to rapidly changing markets with new or significantly improved products, service and process.

2.3.2.1 Definition of innovation

The definition of innovation according to the 2005 Oslo Manual say:

"An innovation is the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organisational method in business practices, workplace organisation or external relations."

The selection of this particular definition amongst the varying definitions of innovation is based on the broadness of this definition, compared to earlier definitions (i.e., the 2008 Oslo Manual), that focus on two types of innovations, namely product innovation and business process innovations. This narrow version of the definition of innovation would not be easily applicable in attempting to define and understand innovation in creative spaces like the media industry (Granados et al., 2017).

Soft Innovation scholar, Professor Paul Stoneman, in his book called, "*Soft innovation: economics, product aesthetics and the creative industries",* attempts to define what innovation means in creative space. This is what he says:

"Soft innovation encompasses the creation of artifacts that impact aesthetic or intellectual appeal rather than the functionality or performance of the product or service"

Other scholars in media management such as Dogruel (2015), place media innovation on spectrum that includes technological, organisational as well as intangible creative innovations. The focus on empirical research in media innovation has marginally increased in recent years, but not as much as currently needed. This may be because theory on media innovation is inclusive in media management and media change research and is marginal compared to the empirical investigations of media innovation (Storsul & Krumsvik, 2013). Broadly speaking, the varying approaches to media innovation research include, but not limited to (Storsul & Krumsvik, 2013):

- methods that view media innovation externally – mainly the introduction of technical innovative products and processes that require changes in media organisations.

- approaches mainly focused on the adoption and diffusion theory by discussing new technological devices as new media consumer products.
- research methods that discuss new media content as media innovation.

Bridging these knowledge gaps between the discipline of management and nuances of the media industry is of paramount importance to address the issues affecting media organisation's ability to respond effectively to rapidly changing markets (Chan-Olmsted, 2006).

Additional to note, are the external macroeconomic factors that constantly threaten the ability for organisations' to innovation. The intrinsic involvement of government, government services and government's agenda with media opens up potential dependencies that can be stifling to innovation (Noam, 2018). This is true in most global markets and is particularly true in the African markets with unfavourable and uncertain conditions within which media organisations operate. These are characterised by volatile financial markets, poor resourcing and provision of basic needs by government, with weak institutions and poor infrastructure services (Malikane, 2014). This implies that media organisations need to be even more creative and strategic in how they innovate and attempt to detangle themselves from the weight of these macroeconomic issues.

2.4 CONCEPTUAL FRAMEWORK

The conceptual framework of this study attempts to explore the potential relationship between the Dynamic Capabilities framework and Innovation theory in a South African media context, where media organisations are faced with the challenge of responding to rapid market changes by developing and deploying significantly new or improved products, services and processes into the market.

The core of the Dynamic Capabilities framework provides guiding rails for media organisations to consider when developing their capabilities to sense, seize and transform. The framework takes into consideration the context of the industry as the nature of the industry and its nuances may impact the effectiveness of the framework.

The Dynamic Capabilities framework can potentially assist in understanding the processes, activities and structures that underpin how media organisations respond, recognise and adapt to rapid and consistent market changes. The micro-foundations of the Dynamic Capabilities framework will help lay foundations of the dynamic capabilities necessary to help media organisations effectively respond to change in the market.

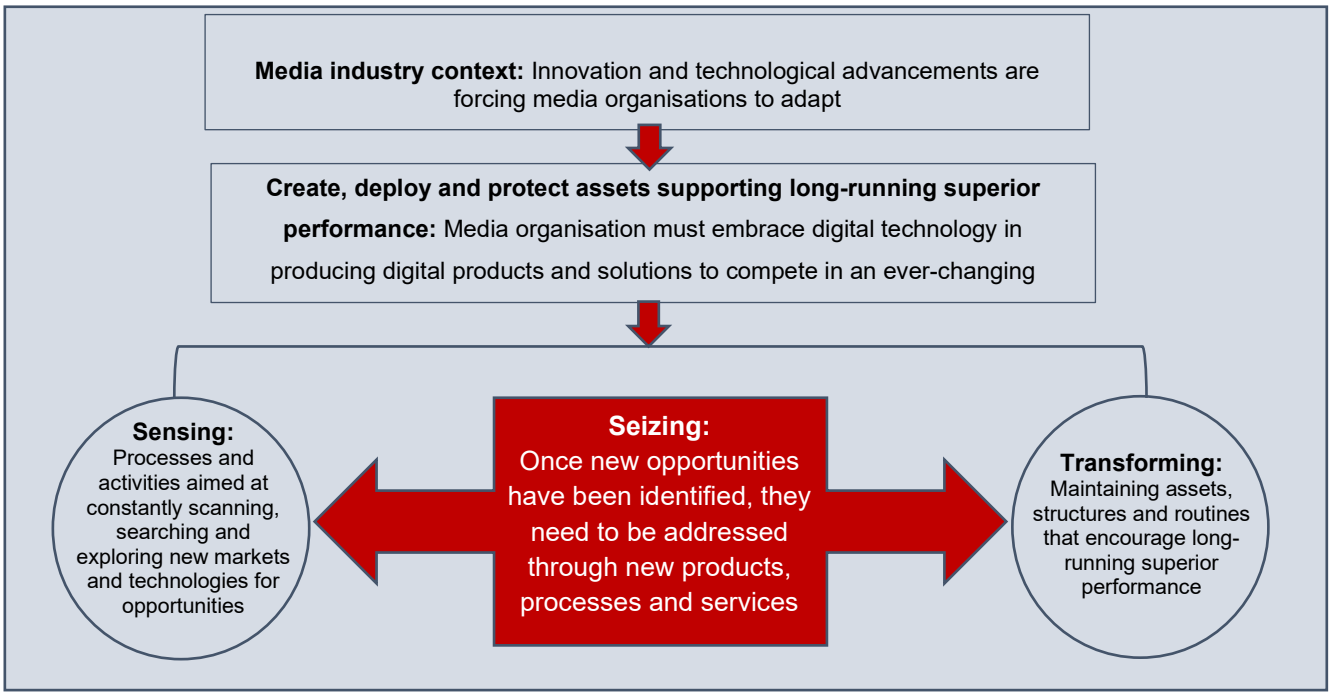

Figure 3: Dynamic Capabilities and Innovation Conceptual Framework

In attempting to observe the practical applicability of this framework, the research method methodology employs a single case study, the case of Connected Video. Connected Video is part of Multichoice's drive for strong cash generation and further expansion of their ecosystem through a multi-pronged strategy to support growth (Multichoice, 2021). The expansion of their ecosystem includes developing and scaling their connected ecosystem with their flagship products such as DStv Online and Showmax. Showmax's offerings can be compared to the likes of Netflix in the realm of online/mobile video streaming and Video-on-Demand (VoD).

The research questions for the case under study are framed around understanding how media organisations develop capabilities geared at supporting organisational efforts aimed to recognise, respond and adapt to innovation and technological advancements and maintain long-running superior performance.

2.5 STATEMENT OF PROPOSITIONS

Media organisations are constantly facing major transformational changes as a result of innovation and technological advancements. Therefore, media organisations should strategically recognise and respond to changes. By continuously realigning and reconfiguring of assets, they are able to exploit the merging innovations and maintain long-running superior performance

SoP1: Media organisations are constantly facing major transformational changes as a result of innovation and technological advancements.

SoP2: Media organisations should strategically recognise these changes and see the opportunities therein.

SoP3: Media organisations should strategically respond to these changes and seize the opportunities therein.

SoP4: Media organisations should continuously realign and reconfigure their assets to be able to exploit the emerging innovations and maintain long-running superior performance.

CHAPTER 3: RESEARCH STRATEGY AND METHODOLOGY

3.1 INTRODUCTION

This chapter describes the proposed research strategy and methodology that was adopted to answer the key research questions of this study. In this chapter, the research strategy and design, methodology and data collection and instruments will be discussed.

3.2 RESEARCH STRATEGY AND DESIGN

This study employs a qualitative research approach, using primary and secondary data of a case, supported by expert interviews. The reason for the selection of this approach is that qualitative research attempts to understand the various relationships that exist, rather than focus on effects.

According to Brennen (2012), the goal of qualitive research is “is simply to render plausible the terms by which groups explain themselves to the world and to clarify the role that mass communication plays in such explanations”. The qualitative approach is also a viable alternative to quantitative research in media that introduce challenges of measurement and accuracy. (Brennen, 2012).

The study is exploratory in nature as it seeks to understand the nature of the problem in the industry and explore whether the Dynamic Capabilities framework could be a possible solution. The aim is not to provide conclusive answers, but rather to understand the problem better and to influence future research on this topic. The aim is to produce practical experience-based findings that help answer the given research problem.

A single case approach was utilised, where secondary data about the selected media organisation was collected and reviewed against primary data in the form of semi-structured interviews that give insight into the secondary data sourced. This case was analysed in conjunction with additional expert interviews. The reason for this approach is that it is useful for investigating a phenomenon such as innovation and dynamic capabilities in depth, in a real-life context. This approach also helps to understand the important contextual conditions that are imperatives to this study (Campbell & Yin, 2018). One of the scenarios case studies tend to be good for in observing managerial processes, which is in essence what this study aims to do. The output of case study is generally about "why decisions were made", "how were the implemented" and "what were the results thereof." (Campbell & Yin, 2018).

One of the biggest media broadcasters in South Africa has been selected as a case study. The case is aimed at understanding how the media organisation managed to recognise the innovative changes that came into the market and quickly formulated a strategy to compete using video on demand (VOD) distribution system to provide live streaming services as a differentiator in the market. This practical case will assist in understanding the internal process, procedure and strategic management decisions that aided in this venture. The industry expert semi-structured interviews are aimed at understanding the context in which all these changes are taking place, the challenges to consider as well as recommendations for improvement.

Considering the makeup of the media world being multifaceted, the participants were selected in accordance with the various media disciplines, i.e., TV/Film, print/press, and digital. This allowed for the broader perspective, with a representative from each key discipline. The reason why this is important is because there may be nuances within the various disciplines that change the dynamics of context and recommendations given in the study. It also gives us a better picture in understanding whether the Dynamic Capabilities framework can be applied across all disciplines or just specific ones based on their nuances.

3.3 SELECTION OF PARTICIPANTS

The participants selected for this study are in two categories:

Case participants: The case of Connected Video provides an opportunity to explore the various activities, processes, structures and procedures associated with sensing, seizing and transforming. The case looks at Connected Video as a subsidiary of Multichoice South Africa, geared at driving strong cash generation and further expansion of their ecosystem through a multi-pronged strategy to support growth. The expansion of their ecosystem includes developing and scaling their connected ecosystem with their flagship products such as DStv Online and Showmax.

Four participants were selected for interviews for the case, including the Chief Operations Officer, who provides an overview of the processes, structures and activities within Connection Video, the General Manager of the engineering team who gives insights of the structures and processes that enable product development and deployment, the Senior Product Manager, who manages the product development ecosystem, including managing strategic partnerships on product features such as payments and the Head of PR, Social Media and Content Marketing who gives a perspective on corporate and social relations internal and external to Connected Video.

Media industry experts: the primary purpose of the interviews with industry experts is to gather a broad understanding of the media industry, the status of innovation and change in the industry, as well as gain insights on capability development dynamics in the industry. The secondary purpose is to assess whether the insights from the industry experts support or differ from the insights of the case interviews.

The goal is to triangulate the conversation around the practical, theoretical and general views on the research questions. Eleven industry experts were interviewed in a semi-structured format. The experts included representative from TV, Film, Print, Advertising and Marketing, Media Buying, Digital media, Radio and scholars specialising in Media Studies.

The target was to reach a sample size of 20 interviews in total, however during the data collection process, a level of convergence was quickly reached, where responses were started to intersect and coincide around similar themes and insights. Time constraints and availability of interviewees added to the decision to triangulate around a total number of 15 participants, including the case and expert interview participants.

The table below gives a list of the participants in the study

Name	Title and key responsibilities
Case participants	
Respondent A	Chief Operating Officer: responsible for the operations and commercialisations of Connected Video's mainstream products such as Showmax
Respondent B	General Manager: responsible for the software engineering teams developing new products for Connected Video such as Showmax
Respondent C	Senior Product Manager: responsible for product payments strategy and execution
Respondent D	Head of PR, social media and content marketing: responsible for managing public relations, brand and marketing for Connected Video products such as Showmax
Industry expert participants	
Respondent E	Publishing: former editor of Destiny Man, writer, content strategist, author
Respondent F	TV: Head Writer and Producer
Respondent G	Film: writer, content producer, communications strategist, filmmaker
Respondent H	Press/news: former editor-in-chief of eNCA, television and radio presenter, author
Respondent I	Advertising and marketing: CEO at Fashion Media
Respondent J	Advertising and marketing: Chief Future Officer at The Brave Group of Companies
Respondent K	Multimedia: Business operations, people management, service innovation and media
Respondent L	Multimedia: content production, marketing, writer, tech enthusiast
Respondent M	Radio: Journalist and Station Manager at Voice of Wits (VOW)
Respondent N	Media Scholar: Associate Professor, Media Studies, University of Cape Town
Respondent O	Multimedia: Digital Content and Platforms Strategist

3.4 DATA COLLECTION AND INSTRUMENT

As mentioned above, the main instrument for data collect is a series of semi-structured interviews with the selected research participants. The proposed framework below demonstrates a sample of questions asked. The questions are structure according to the conceptual framework, which has 3 dominant themes, i.e., sensing, seizing and transforming, as well as an intro which gives context to the 3 parts and outputs and outcomes.

The overall objective for the study is find out what practical processes and activities do media organisations apply in recognizing and responding to emerging innovations in and around the media industry and in so doing, we can see if these processes and activities are in line with the Dynamic Capabilities framework.

Key question: How do media organisations recognise, respond and adapt to innovation and technological advancements and maintain long-running superior performance?	
Media Industry context	How would you describe the disruptive nature of the industry?
	What would you say is the biggest disruption in the industry?
	How would you say the industry fairs when faced with disruption?
	What are the common trends when dealing with disruption?
	Why is responding to and scaling above disruption important for organisational and industry growth?
	How do media organisations learn and build or acquire capabilities?
	What do media organisations consider when developing capabilities?
	How do media organisations maintain and improve capabilities over time?
Sub-question 1 (Sensing): What formal and informal systems are in place to learn, filter, shape and calibrate opportunities and treats	Discuss processes to direct internal R&D and select new technologies.
	Discuss process to encourage supplier and complementor innovation.
	How are developments in exogenous science and technology explored?
	What are the processes to identify target market segments, changing customer needs and customer innovation?
Sub-question 2 (Seizing): What are the organisational structures, procedures, designs and incentives are in place for seizing opportunities?	Outline the customer solution and business model (focusing on product development, revenue structures and customer value creation and capturing).
	What are the strategic decision-making protocols in place?
	How does the organisation select its boundaries to manage complements and control platforms?
	How does the organisation build loyalty and commitment?
Sub-question 3 (Transforming): What organisational processes and structures are in place to maintain continuous alignment and configuration of assets?	How does the organisation manage strategic fit so that asset combinations are of value?
	What knowledge management systems are in place?
	What corporate governance strategies are in place?
	How is decentralisation and near decomposability achieved?

Secondary desktop research in support of the primary data will be applied as well. The secondary data collection is aimed at providing a base from which interrogate the 4 case respondents. This approach is a chosen because the study seeks to look for insights that can be further explored in the interviews for validation.

The documents that will be included in the secondary data analysis are:

- The evolution of Showmax: document detail key events of the inception of Showmax to what is it today.
- Building a world-class engineering team: document entails the story of the engineering behind the solution for Showmax.
- Investor pack documents: folder includes strategy, business model and financial reports.
- Press releases.

3.5 DATA ANALYSIS

The data analysis process combined manual and automated processes using an online qualitative research data analysis tool called Atlas.ti. The first part was to collate all recordings and transcribe them using another online transcribing tool called Otter. The online tools were helpful in being able to fast track the analysis process, but also give automated insights on key words, phrase and frequency of identified codes. Using these machine generated code, together with manually generated out of key works from the conceptual framework and literature; codes were created to link the quotations. The codes and quotations where the synthesised in line with the conceptual framework structure, so as to keep with the objective theme of the study.

Key themes and usable networks in the codes made it easy to map these out against the four research questions of the study, and start analysing the data to answer the key research questions. The data was then arrange into graph format for the purposes of the data findings discussion in chapter four.

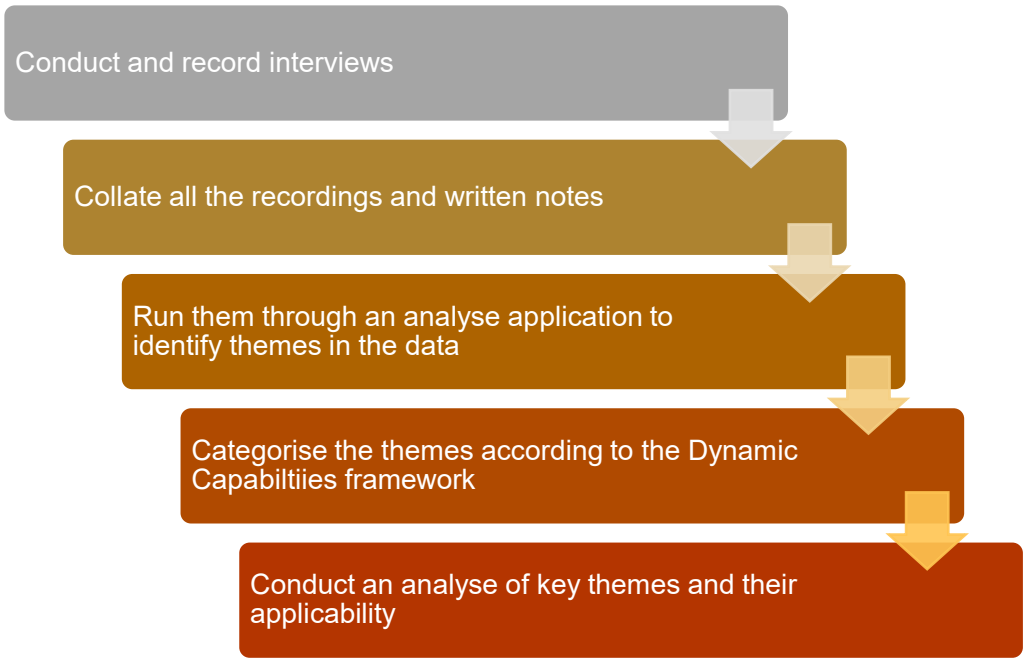

Figure 4: Data analysis process

3.6 LIMITATIONS OF THE STUDY

- Access to top media managers may serve as a limitation as managers might want to select proxies to represent them instead.
- The focus of the interviews is only on the experiences, insights and opinions of individuals.
- The inability to conduct face-to-face interviews due to COVID-19 restrictions can take away the advantage of physical and behavioural observation that can be useful in the analysis of the data collected.

3.7 ETHICAL CONSIDERATIONS

Ethical considerations during the execution of the research:

- Organisational approvals to do interviews will be required as the individuals who will be interviewed in the organisation are representatives of the organisation.
- Permission to conduct interviews from participants will be obtained.

- Consent forms will be given to all participants to sign and return before the interview is conducted.
- Confidentiality clause will be provided on request should the participants feel that the information they shared is confidential.
- All names of participants and organisational will be kept confidential as the study is focused on the information receiving and not who it comes from.
- Interview protocol will be observed in all setting, even online platforms.
- Permission to record session will be obtain upfront.

3.8 RELIABILITY AND VALIDITY

3.8.1 Credibility

To maintain credibility of the study, I will apply the bracketing approach which is applicable to phenomenological studies such as mine. The aim is to reduce bias and refrain from using my own judgements and experiences to guide the research process.

Additional field notes will be taken to support the interview recordings, as well as in person observations of behaviours, attitude and conduct will be noted.

3.8.2 Validity

In order to maintain the validity of the study, data saturation conditions will be observed. The data triangulation approach where multiple data sources are used to develop a comprehensive understanding of the study will be applied. This will be applied in the form of multiple level interviews, focus group and online secondary data. This approach will allow me to test validity through the convergence of information from different sources.

3.8.3 Reliability

The proposed approach to conduct interviews in phases is so that I can apply the same of similar questions in a direct group or setting to see if the data produces the same results. The online secondary data will also be used as base for the question structures and by observing the outcomes in the online data and real-life responses, if the results re the same, then reliability of the study will be achieved.

3.9 SUMMARY

The proposed research strategy and design is positioned to best answer the research questions of the study. The methodology and case selection will assist in provide real-life findings of the process and activities followed by media organisation in South Africa to develop dynamic capabilities. The process of analysing the data and the key findings is expected to yield results that can demonstrate that indeed Dynamic Capabilities theory is the correct lens to conduct this study with. Ultimately the aim outcome should be to discuss the findings and phrase suggestions and recommendations for future studies in strategic media management and media innovation.

CHAPTER 4: PRESENTATION OF FINDINGS / RESULTS

The fourth chapter presents the key outcomes and themes of the data gathered during the semi-structured interviews with the case participants, the industry experts, as well as key insights from the secondary data collection process. The focus was on understanding the processes, procedures and structures that are followed by media organisations in recognising and responding to changes driven by innovation in the industry, as well as how they cultivate an innovation culture that enables them to transform their business. The goal is to understand these processes in line with the key pillars of the Dynamic Capabilities framework, which are sensing, sensing, seizing and transforming. The data also represents the environment and context within which the media organisations carry out their processes and activities.

4.1 OVERVIEW

4.1.1 Media industry overview

The introduction of television in the late 1930s marked the beginning of a new era, spurring a global phenomenon in the media industry. The impact of this disruptive change has spanned across all mediums of entertainment, communication and marketing, including news, radio, film and advertising (Zhongua et al., 2021). Television and other forms of traditional media are now subjected to a digital evolution of information and communication technology, forcing them to adapt.

In capturing the value of digital technologies, media organisations need to be aware of some of the implications to be considered such as the evolution platforms and patterns impact viewership/listenership numbers and media organisations need to meet consumers where they are (Westcott et al., 2021). Content creators need to curate content for digital formats and ensure continuous engagement with consumers to cultivate long-term relations and become the main source of insights for new product and service development (Vizjak & Ringlstetter, 2003).

This presents an opportunity to explore the most effective ways to recognise, respond to and exploit emerging innovations, while maintaining long-running superior performance. The Dynamic Capabilities framework provides guiding rails for organisations to consider when developing their capabilities to sense, seize and transform.

It is important to note that sensing, seizing and transforming processes are interactive and the level at which organisations feed that interactive processes, influences that superiority of performance (Jahangir Karimi, 2015). The nature of the industry may impact the effectiveness of the framework, and the organisational resources, processes and values set the boundaries within which the organisation operates (Jahangir Karimi, 2015).

4.1.2 Multichoice and Connected Video

By studying the case of Connected Video, a subsidiary of Multichoice, we explore the various activities, processes, structures and procedures associated with sensing, seizing and transforming. The aim is to understand the practicality of the Dynamic Capabilities framework in a case context, while observing supporting industry experts' insights.

Naspers publicised its intention, in 2018, to unbundle its shares in the business and list its video entertainment business separately as MultiChoice Group Ltd and includes MultiChoice South Africa Holdings (PTY) Ltd (Naspers, 2018). The listing and unbundling were aimed at creating a top performing entertainment business listed on the JSE, and still benefit from the long-running reputation as the fastest growing pay-TV operator locally and globally. The multimedia business reaches millions of households across Africa, reporting 10% organic growth in revenue to R26.8 billion and a growing subscriber base of 21.1 million as September 2021(Multichoice, 2021).

Connected Video is part of Multichoice's drive for strong cash generation and further expansion of their ecosystem through a multi-pronged strategy to support growth (Multichoice, 2021). The expansion of their ecosystem includes developing and scaling their connected ecosystem with their flagship products such as DStv Online and Showmax. Showmax's offerings can be compared to the likes of Netflix in the realm of online/mobile video streaming and Video-on-Demand (VoD).

However, Showmax offers a nuance specially developed for the African market which is offline viewing, as a solution to the data access and costs challenges associated with streaming in African markets. They also offer hyper-local content, tailored to the streaming needs of the global and local consumer. Since its inception is 2015, the Showmax team has delivered results yielding 42% YoY growth of subscriber numbers as at September 2021 (Multichoice, 2021).

4.1.3 Background Profile of Respondents and Process Followed

The semi-structured interviews were conducted virtually, due to COVID-19 restrictions. Virtual meeting apps such as Google Meets, Microsoft Teams and Otter were used to facilitate, record and transcribe the interviews, with written consent from all participants. The interviews were set for between 30 – 60 minutes per person, where respondents were given the opportunity to provide information about themselves, their experience in the industry and their insights on the research questions provided.

Respondents also shared their general knowledge of innovation in the media industry and necessity and practicality of developing capabilities developing dynamic capabilities that support organisational efforts aimed at recognising, responding to and exploiting emerging innovations and maintaining long-running superior performance.

The four participants in the case selected represent a part of the core team at Connected Video dedicated at creating, developing and deploying effective solutions for their flagship products i.e., DStv Online and Showmax. This team includes the Chief Operating Officer who oversees operations and manages the alignment of activities in line with MultiChoice's' organisational strategy.

The General Manager manages the engineering team structures and processes that enable product development and deployment. The Senior Product Manager, manages the product development ecosystem, including managing strategic partnerships on product features such as payments and the Head of PR, Social Media and Content Marketing looks after corporate and social relations internal and external to Connected Video, in line with Multichoices' group corporate relations strategy (see appendix 14).

The eleven industry expert interviews include a representation of TV/Radio/Digital platform producers and strategists, film-makers, journalists for print and broadcast media, content creators, media and marketing executives as well as media scholars for all sectors of the media industry such as TV, Film, Print, Advertising and Marketing, Media Buying, Digital media and Radio. These participants are experts in their respective fields, but also have multimedia experience that gives them the advantage to speak confidently in the world of media.

The selection of corporate, executive and entrepreneurial experience gives some of the participants the surety to address questions on strategic media management and capabilities development. A fresh perspective on new media and innovation in the media industry is provided by the younger, new entrants who run their own small to medium enterprises such as film production houses and advertising agencies.

The questions asked during the interviews are aligned to the conceptual framework built around the Dynamic Capabilities framework. The aim is to assess whether the framework can be used to collect data that can provides insights to understand the context of the media industry and practically observe how media organisations recognise and respond to the rapid transformational changes taking place in the industry, as well as how they maintain activities to continuously align and reconfigure capabilities regularly.

4.2 PRESENTATION OF FINDINGS AND DATA RESULTS

The section represents the key data findings, in line with the set research questions, used as instruments to collect data during the semi-structured interviews with the case participants and industry experts, as well as the analysis done using the secondary data collected via desktop research methods. Each sub-section details the data findings for each research questions, illustrated by bar graphs and a selection of direct quotations from respondents.

4.2.1 Understanding the media industry context

This section presents data related to the questions aimed at understanding how emerging innovations in and around the media industry are stimulating transformational changes in the industry, such that media organisations are forced to respond to and adapt to these changes. Küng (2017), refers to technological and digital advances such as smart mobile technology and the Internet of Things (IoT) that result in significantly improved or new product and services, that introduce new segments in the industry, as well as fuel changes in spending and consumption patterns by consumers, and erode existing markets, segments and business models. Some of the most significant digital disruptions stemmed from this new era of innovative technological and digital advances.

With regards to the question of constant disruption, all respondents shared the same views, confirming that the media industry is constantly disrupted and it will remain that way for the foreseeable future. This is due to the volatile nature of the medium, as well as the continuous introduction of emerging innovations that transform the ways things are done in the media industry.

Respondent J contributes to this point by saying:

> *"If you think about technology at its core, any fundamental shift, like blockchain, will change everything. Some organizations are still wrapping their heads around this. It's organizations that have started pilot projects to figure out what that means for their business. There are varied responses from different organisations to try and respond to the future. The difference between those that succeed and those that do not is a perspective of guiding principles and clarity of focus of the business."*

Other respondents agree with this sentiment and share the opinion that continuous changes in global trends give an indication that these changes are here to stay and will only continue to grow exponentially. While growth is ongoing in the sector, it is still experiencing the disruptive effects of digital technologies and new digital market entrants (Gschwari & Sinclair, 2019).

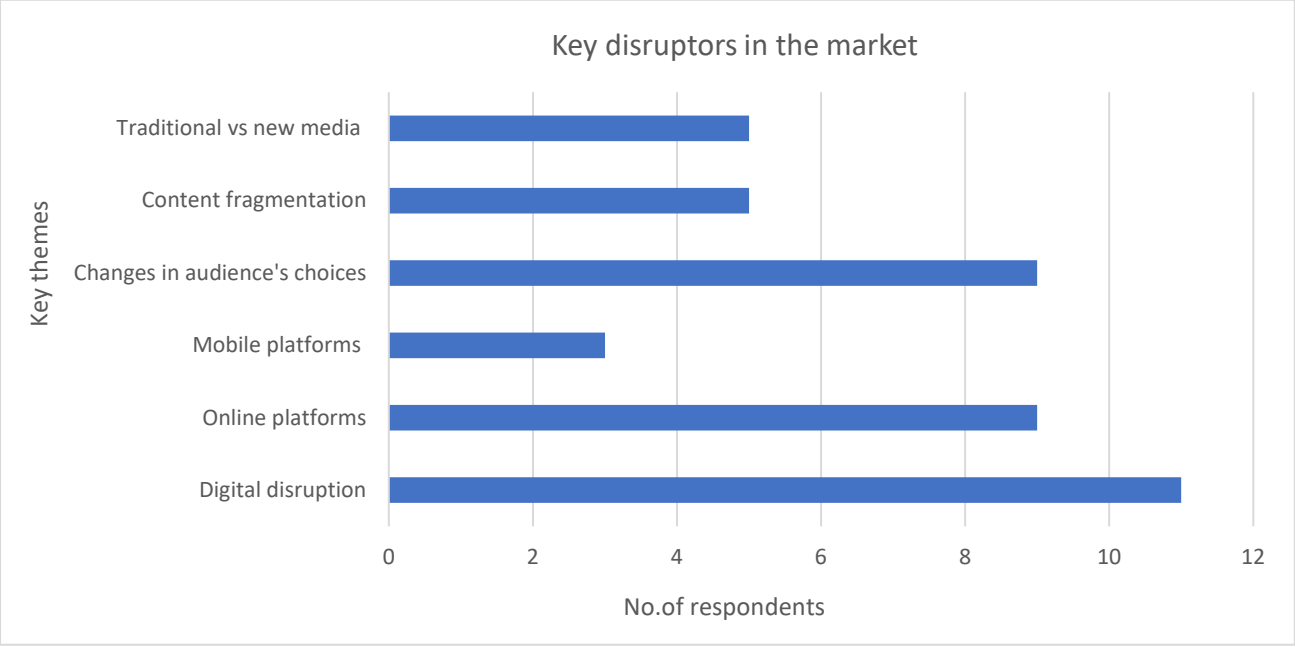

Figure 5: Key disruptors in the media industry market

Digital disruption is noted as the biggest disruption in the market. Second to that are the changes in audience choices, including the changes in their preference and consumption patterns. Accessibility is increasing, with online and mobile solutions that provide audiences with so many choices of content to consume and how and when to consume it.

Respondent C says:

> *"I think the biggest change is in being able to be consumed on mobile. I think access to mobile has been the biggest disrupter. So now I can watch anyway, anytime, with whomever, I do not have to be in front of a big box or I do not have to be in my car or in the house to listen to radio or watching TV. So mobile has been the biggest disrupter."*

Content fragmentation refers to the extent to which content is distributed across multiple platforms, as a result of the multiple traditional and new media platforms where audiences can be reached. As a content producer for both traditional and new media platforms, respondent F observed the following:

> *"What's particularly interesting at the moment is that we are having to create for hybrid. So how do you create something that works for broadcast and streaming, at the same time? So that's also caused a lot of change in both how we create and how we consume content."*

The second part of the research question refers to how these changes are forcing media organisations to respond to and adapt to these changes in order to remain relevant in the market and maintain competitive advantage. Respondent A discusses how media organisations now have to relook their strategies.

> *"It really results in us having to readjust and relook at our strategy on a regular basis to understand how we can compete in an ever-changing world."*

Interestingly, when asked how do media organisations fair in responding to and adopting emerging innovations, a majority of respondents do not believe media organisations in South Africa are doing enough to respond quickly and impactfully to these changes.

Respondent H says:

> *"I think that there is a broad understanding of the power of innovation, the need to make changes and innovation, and the importance of the of the digital paradigm within media itself, but I do not think that we are we've done enough in that respect. I think that there is a desire to innovate and a desire to change, but I think the water is muddy at the moment. And I do not think that anyone's organization in this country has a has a clear purposeful strategy."*

In the same tone, respondent E says:

> *"If it is technology based or digital, then we kind of go "that's where innovation is". But I think innovation in the industry overall, should not only be digital and technologically focused, without looking at innovation in terms of processes and platforms, and new ways of doing things."*

Respondent L agrees with the above sentiments and offers the view that media organisations need to redefine what innovation means to them:

> *"It's about redefining what media means in terms of engagement, because that's what it's all about. The way media engages with consumers has totally changed and this is not obvious for media companies currently"*

Respondent L added to this point by saying:

> *"The media industry is constantly chasing the disruption, but doesn't generally employ particularly scientific sort of structures or systems in order to chase that disruption"*

While the general sentiment from all respondents is that media organisations need to be more strategic and targeted in their efforts to respond to market changes, there are other factors that some respondents mentioned that have the potential to hinder efforts carried out by media organisations, and therefore media organisations need to be more creative in how they innovate around and through these obstacles, such as:

- Macroeconomic factors such as poor infrastructure and limited data access have a negative effect on distribution channels and accessibility strategies.

- The lack of active investment into learning and development needs to be addressed collectively by business and government.
- Legacy issues such as the monopolistic nature of competition in the market, bureaucracy, social and political affiliations that drive agendas that stifle innovation.

In summary, evidence does show that the media industry in characterised by constant, rapid changes and currently the biggest changes are spurred on by emerging innovations in and around the industry. Therefore, to avoid being left behind and losing marketing relevance, it is paramount for media organisations to be able to strategically recognise and respond to and exploit the rapid changes in order to maintain long-running superior performance.

4.2.2 Observing the processes and systems applied by media organisations in recognising opportunities

This section presents data related to the questions on the topic of sensing. This is aimed at answering how media organisations recognise and respond to changes brought on by emerging innovations in and around the media industry. The question uncovers the formal and informal processes that media organisations follow to learn, filter, shape and calibrate opportunities and treats.

Figures 2 and 3 represent the data collected on what are some of the informal and formal processes and systems employed by media organisations in their efforts to sense opportunities in the market. Under the guidance of the Dynamic Capabilities framework, a combination of informal and formal processes is expected; including research and development and selection of new technologies processes, processes that tap into supplier and complementor innovation, and those that tap into identifying new target markets and changing customer needs(Teece, 2007).

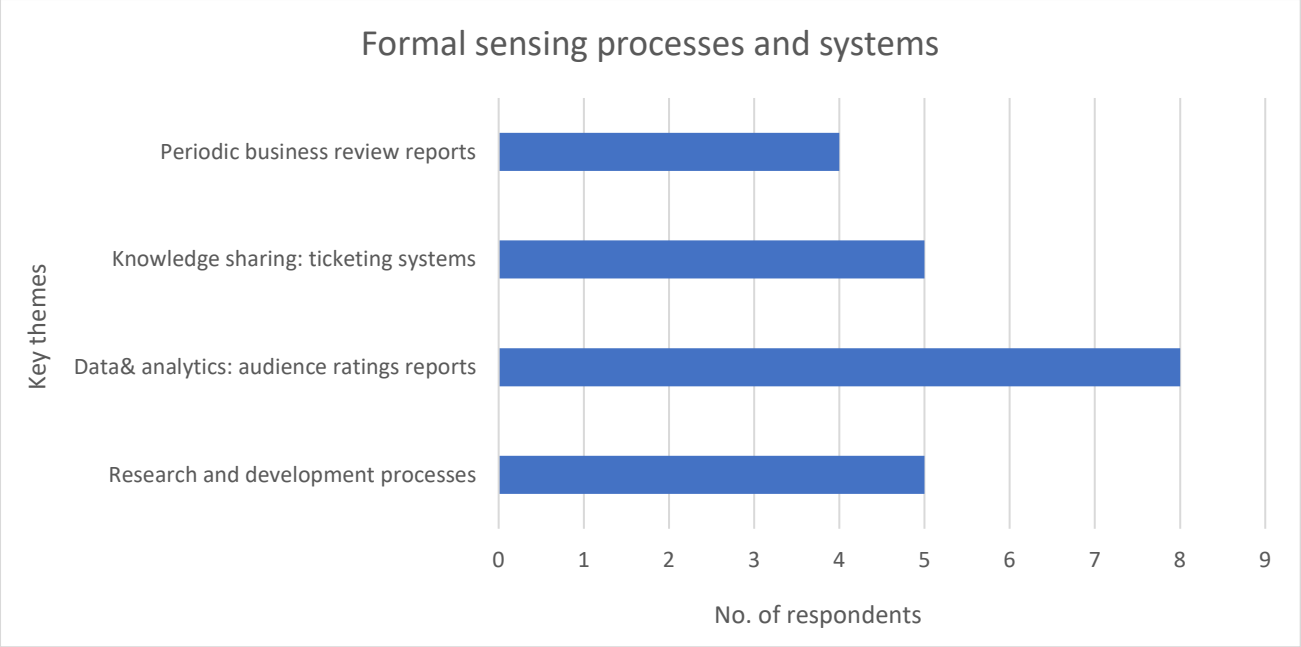

Figure 6: Formal sensing processes and systems

Looking at the collective responses from the case participants, the data showed patterns that indicated the key differences between the formal and informal processes and systems. The formal processes are underpinned by inherent organisational structures. For example, there are formal research and development procedures managed at group level, however research processes on new products and development are more informal and happen on an ad hoc basis.

The industry expert interview respondents viewed formal research and development processes as generally lacking in the industry, but agreed that these are more prevalent in those media houses parented by corporates, such as Connected Video.

Respondent L says:

> *"Nobody admits to having an R&D budget in terms of disruption. I can't think of anybody that specifically as from a pure media side, that has put money into disruption, unless it is the development of a new distribution channel. Often media companies are acquired by bigger non-media companies and they invest and influence the research efforts of the smaller media houses in their corporate stack."*

In discussing other formal sense making processes, periodic business review reports seem to also be as a result of inherent organisational structures where business is expected to report either internally or externally on some of the research activities or new strategic opportunities identified in the market. These reports feed into processes for selecting new products and services to develop. Respondent J says:

> *"We also have a strategic planning process which happen every single year aimed at integrating sense making exercises and executives come back, and they present ideas or concepts to the rest of the business."*

There are also technical reports that give insights on any research and testing done on new products, such as customer journey maps that can help product developers understand the needs of the customer better. Respondent B says:

> *"The use of the insights generated by the engineering teams is two-fold: is the immediate recommendation displaying the customer need; individual customers in real time. And second, giving future recommendations based on viewing habits. Analysis is being shared in this case with the management and the content teams."*

Having systems that capture sensing or research insights contributes to formalising and circulation of new knowledge and learning efforts of the organisation. Respondent B continues to say:

> *"I believe actually 50% of our success is in our in our ticketing system, so we use a ticketing system, which is basically used for all work coordination across the engineering teams, which inherently means also for product management, So, for example, if I was not involved in payments, but now I am interested into why certain decision was made a certain way, on our platform, I can look up the ticket and see, not only when it was done, but also why it was done. So, I believe that actually ticketing system and the correct usage of such ticketing system, documenting what we do, how we do it, and why we did it is super important for this very reason."*

Another effective formal sense making process that was recognised, both by case participants and industry experts, is the subscription to industry reports detailing audience ratings and engagement levels. These are useful to tap into usable insights for identifying target market segments and changing customer needs. However, all respondents agreed that there is a need for more real-time and targeted customer insights and forecasting. Respondent L say:

> *"You're gonna get rams and Nielsen figures, and see your move on audience participation and stuff like that. However, by the time you receive these numbers, it's far later after the release of your content. In the current media landscape, that's an ancient thing. Businesses are just realizing now, how much you can learn from effectively analysing the data. And that's why digital systems become important because there is so much data is being created by each person every day, consciously and subconsciously, that you could never fully examine a personified customer profile"*

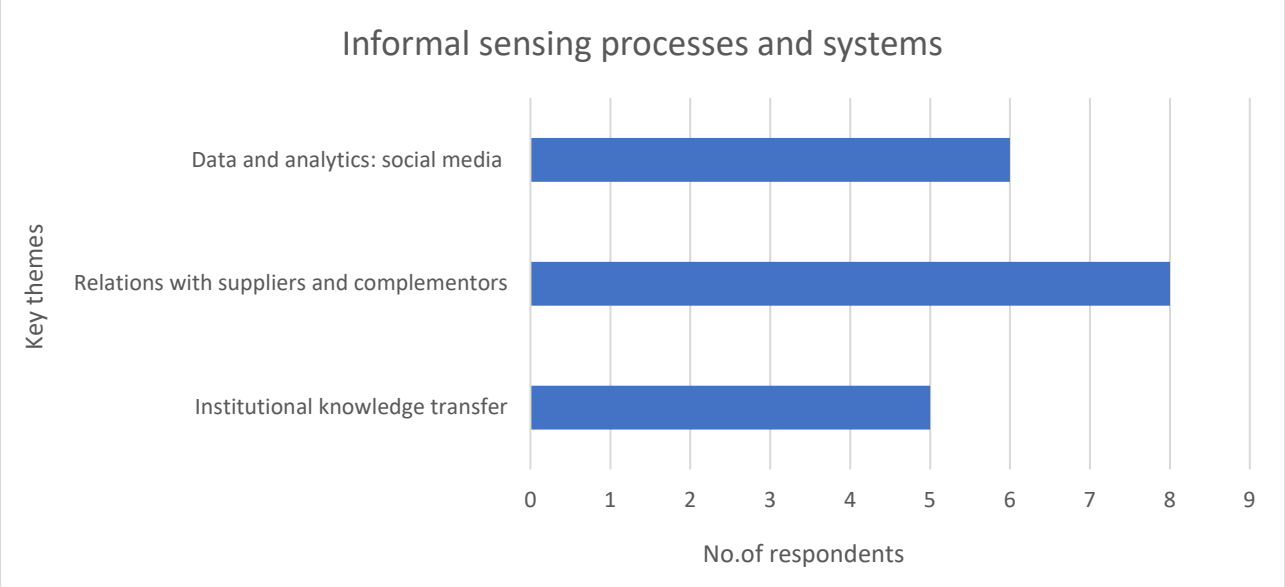

Figure 7: Informal sensing processes and systems

In addition to the identified formal processes are the informal processes. These are more fluid in nature, however are able to provide insights that can be further operationalised.

Informal relationships with suppliers and complementors in the industry are common.

Respondent K says:

> *A view of your value chain is critical because it is your trade of business and it's your roadmap of how you do business. So that roadmap needs to have your suppliers, partners, creditors, and your clients"*

Respondent I says:

> *"It's relationships in your networks that you've built up over the years, that you that you know you can rely on and can trust."*

Respondent J says:

> *"I suppose organizations need to do a little bit more collaborative, they lean into their external networks of partners, right. So spending time in conversations with people that you work with sometimes that might be your value chain. Sometimes you partner with one specific investors. So that could vary but spending time with people that are close enough to your business to understand what might be important for you to understand them because that's important."*

Institutional knowledge transfer is mainly about the extraction of valuable knowing that cannot be seen or replicated independent from the knowledge creators. This process seems to be a challenge for both case participants and industry experts. Respondent A says:

> *"To be honest, I think that's something that we need to do a better job at, because a lot of knowledge at times are in people's heads. Right. And that's something that, you know, when you're running around, you know, chasing or addressing problems day to day, you know, sometimes documentation and proper process mapping and all that kind of stuff, which is the more mundane things sometimes fall off the radar, right. So, I think as a business, it's something that we need to continue to focus on to, to essentially encourage people to, to exchange information and to document things and all those sorts of things."*

Respondent F says:

> *"We've done every year or two, an analysis of books that might be worth adapting. And we write all of that up and we'll leave that there. So, if anyone is looking at things in the future, they could go back and see things like that, for example. But what happens then is when you go into production, your stuff grows on when we were shooting, and you have no time to be capturing stuff into that book. And other people work on productions and leave and they go on to the next job. And so, they do not really have any vested interest to be on that specific production. And so you keep losing this knowledge with every production"*

An interesting tool that exists as a result of emerging innovation in the role of social media in sensing. Respondent D talks about how social media monitoring can play a critical role in sensing by engaging with consumers real-time, watching for potential crises brewing on social media platforms and well as gaining general sentiments on customer satisfaction and changing needs.

> *"So when it comes to social media monitoring, those tools are looking at volumes and dimensions and sentiment can be very valuable in identifying potential PR crisis or problem. Social media monitoring particular can also help alert teams, if it's something, something that's broken, because it's sometimes particular use on social media, you can sometimes pick up on potential issues early on before they get too big. And then the other thing that can help you spot opportunities. So, for example, the very practical example is a new reality show that's starting on Showmax. But it's not that it's an original sort of big title. But we can see from monitoring brand mentions, and using those tools, there's a lot of people talking about the show, which means now we've got an opportunity that we can highlight that showing all your marketing and on social media more than we might have known that that was a potentially popular show, if we didn't have those tools, we wouldn't have that kind of monitoring what people were saying."*

Another informal sensing tool that only 2 respondents spoke about, however seemed to be quite significant in the South African context, is the benefit of having diverse teams and leadership who are exposed to various markets, platforms and experiences that provide a unique perspective to insights.

> *"An often underutilised tool from a sector perspective is diversity. And I think that's in the way we assemble our board and executive structures. If they are fundamentally more diverse in itself, that builds a sensing capability, right? The fact that you've got people that ask themselves questions and contribute a proposal to the different treat others on the board is his personal understanding of making sense of the world around us. I think exposure is a huge sense making exercise when you're able to bring executives into new environments, new economies, new spaces, and give them specific challenges and it allows them to go through a more important process of making sense of the world"*

The data reveals what sensing processes and systems are in place in line with the Dynamic Capabilities framework, which leads into the next step of seizing opportunities identified in sensing processes and systems.

4.2.3 Organisational structures, procedures and incentives applied by media organisations in responding to opportunities

This section presents data related to the questions on the topic of seizing. This is aimed at answering how media organisations respond to changes brought on by emerging innovations in and around the media industry, by introducing significantly new products and services in the market. The question uncovers the organisational structures, procedures, designs and incentives in place for seizing opportunities.

Figure 3 below details some of the organisational structures, procedures and incentives that guide media organisations in seizing opportunities identified in the previously mentioned sensing processes. In alignment with the Dynamic Capabilities theory, these include procedures to select new products for development, key decision-making protocols, structures for managing tangible and intangible assets and incentives for building loyalty and commitment (Teece, 2007).

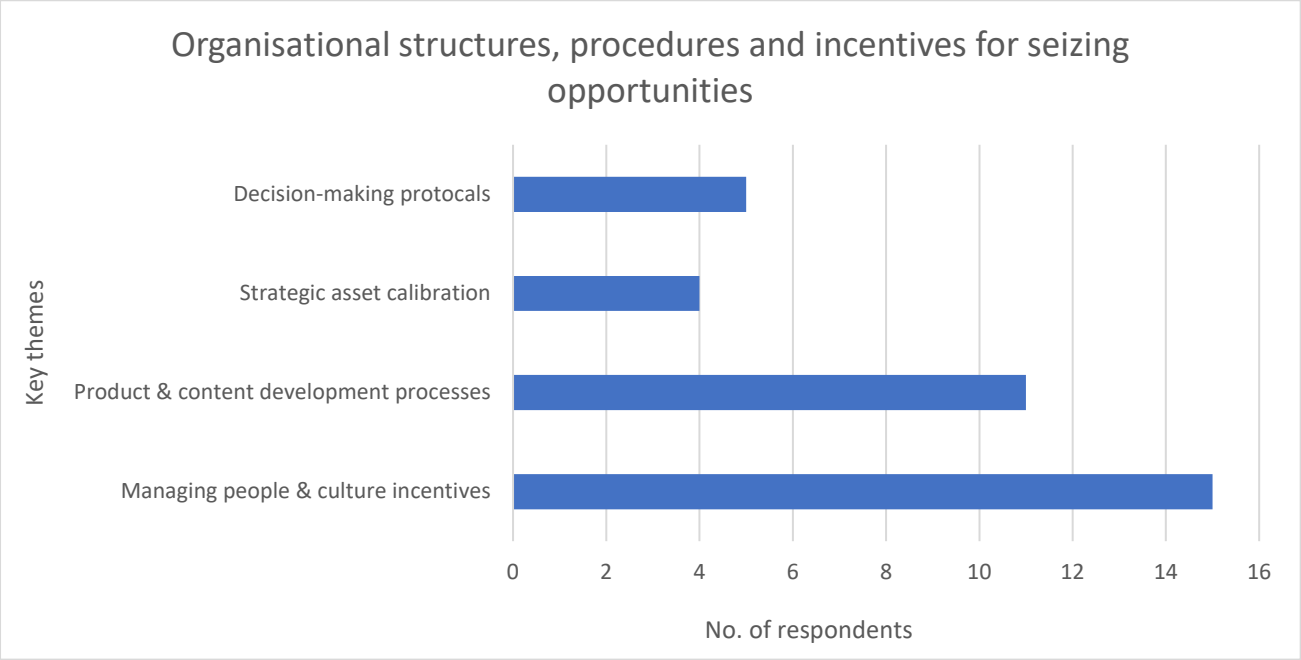

Figure 8: Informal sensing processes and systems

Managing people and culture incentives that provide a conducing environment to work in is optimal, particularly for creative people. Majority of respondents agreed that the product and development process are fuelled by people who carry out the activities of development and deployment of significantly new products and services to the market.

Respondent J says:

> *"Assuming all that capabilities and skills are on the table to do the job, your next big challenge id being able to coordinate them in such a way that they deliver the value, being able to keep them sufficiently inspired around the problem that you're trying to solve. So that they invest themselves in ensuring that they bring the best organization."*

Respondent B says:

> *"All this requires a focus on creating a culture where we have people who are motivated, have enough context, and enough skills to deliver what's needed and then let them work with responsibility. So, it is about creating a psychological safety and help people to manage risk."*

Both case participants and industry experts referred to other tools and models, such as Design Thinking, Kanban and Strategiser Framework that assist in coordinating product development processes in an iterative, collaborative, agile and impactful way. These processes also give way to feedback loops throughout the process that allow for continuous reconfiguration, testing and ensuring that the solution is best to fit the customer need.

The insights from continuous testing and redeployment feed in to the formal business review processes and decision-making protocols that give approvals and make final decisions on next steps.

Respondent A says:

> *"We need to be quite frugal, but also very commercially sound in our decision making, especially if we're making big decisions. We really need to rely on reviewed and approved business cases, especially for anything that is quite significant. To understand, you know, for the most part, if you're going to do something new, in a new way, and it has commercial implications or budget implications, it might mean that you have to do less of something else. So it's a fine balancing act that we always need to continue to monitor. Otherwise, we'll be you know, in the red very quickly, which is not where we want to be"*

This aligns with key decision-making protocols for strategic asset calibration. Respondent B says:

'"We analyse very carefully, which technology to acquire, and you know, what to outsource and what to develop in house. So, in many cases, because Africa, Africa, market is specific, in some cases, it is more effective to develop something in house because then we have a full control about the feature set. And we have a full control about deliver, which gives us the flexibility and possibility to shorten the time to market. On the other hand, if there are pieces of technology, which became already a commodity, then and it doesn't slow us down. More than acceptable, then we buy and sell these things are case by case and they change your soul at time. So for example, when we started, we developed our own private cloud. So these decisions change over the time, technology space is moving very, very fast. And what was through a year ago, doesn't have to be through today. So we are re-evaluating on as needed basis."

During the interviews, respondents made notable comments about some key considerations in light of the sensing and seizing processes unpacked in the data findings. These are tabled in figure 4 below.

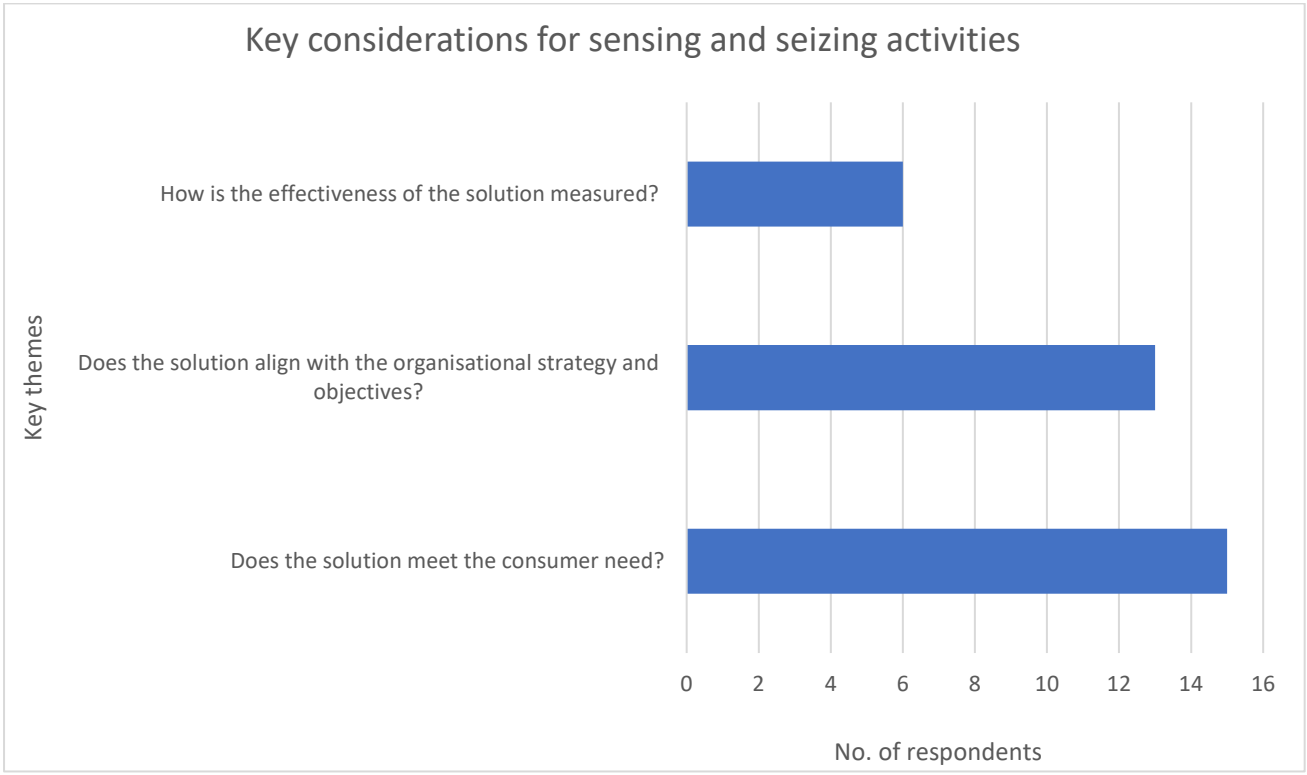

Figure 9: Key considerations for sensing and seizing opportunities

Majority of respondents made it clear that sensing and seizing activities need to be constantly aligned to:

- Does the solution meet the consumer need? This comes down to having a full and clear understanding of who your customer is and what do they need.
- Does the solution align with the organisational strategy and objectives? This addresses the issue of playing in a saturated market by carving out a targeted market and strategy based on the organisation's resources, values and processes.
- How is the effectiveness of the solution measured? Being able to measure outputs effectively gives rise to insights and recommendations that improve the solutions and contribute to increased customer satisfaction.

Some respondents voiced the opinion that new product and services development is critical for responding effectively. They are of the view that competing in a new market with old market products is not sufficient in responding to digital disruption. A portion of the respondents felt that new products and services such as developing mobile apps and online platforms is essential, however, equally others felt that the disruption should be from a content point of view, delivering renew content that is fit for the consumer and fit for the various traditional and digital platforms available.

In summary, insights from sensing processing need to be operationalised to get to the product development process that is critical for responding to chance. Strategic management of assets, partnerships and acquisition is essential to the process of developing new products and get to market faster. Agility, collaboration and testing in the process is very important in digital products and content production. Continuous feedback and evaluation is needed for ongoing improvement or processes and products.

4.2.4 Organisational structures, procedures and incentives for maintaining continuous alignment and reconfiguration of assets

This section presents data related to the questions on the topic of transforming. This is aimed at assessing what organisational structures, procedures and incentives are in place in media organisations attempting to maintain a superior level of performance by continuously realigning and reconfiguring assets.

Figure 10 details some of the organisational structures, procedures and incentives are in place to maintain continuous alignment and configuration of assets, as seen in the data collection.

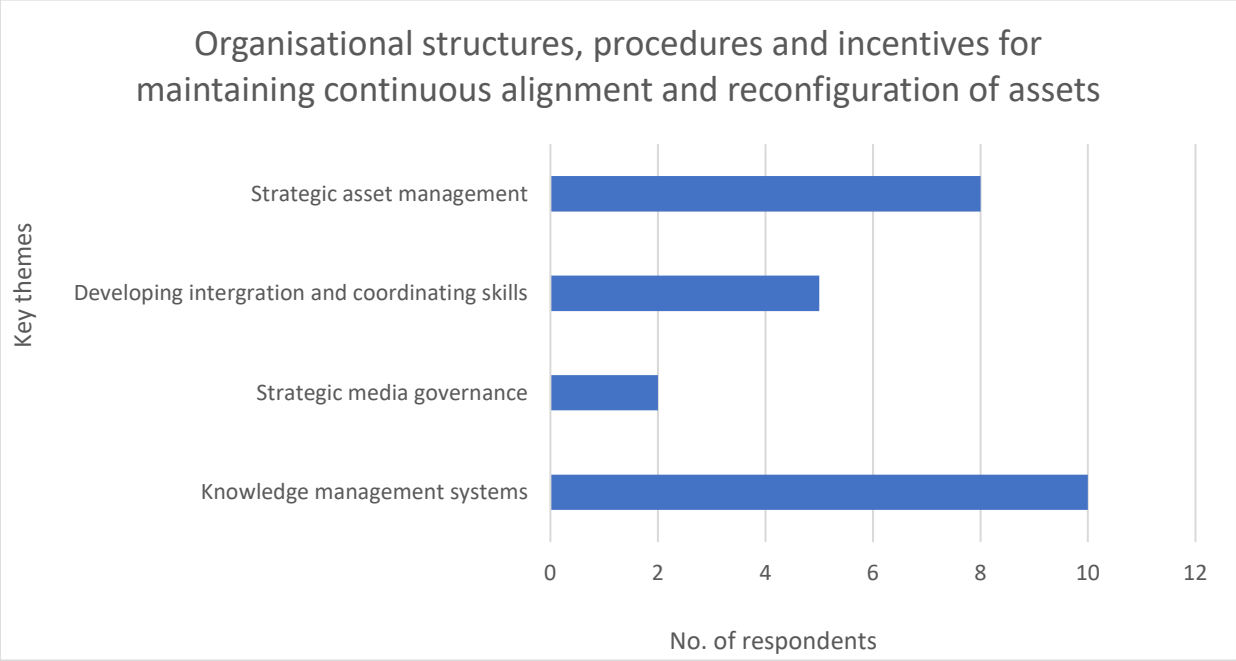

Figure 10: Organisational processes and structures for maintaining continuous alignment and reconfiguration of assets

Majority of respondents mentioned the important role of having a knowledge management system in place. Some respondents connected this system back to the formal sensing processes achieved by ticketing systems, emphasizing how critical it is to carry those insights into systematic processes that record and circulate the knowledge across the organisation. Respondent J says:

> *"The other reality is that knowledge management is often a retrospective exercise as opposed to a future facing exercise. The informal sensing processes that occur in individuals daily should be captured as dynamic knowledge that can be an asset to the organisation."*

On the topic of strategic management of assets, in other parts of the conversation, respondents spoke about strategic asset calibration procedures that enable the business to decide what strategic assets they invest in and which one do they reconfigure or discard. The difference at this stage in the process is the activity of continuously doing this on a regular basis. Respondent E says:

> *"It's one thing to recognize that there's an evolution taking place as a change is taking place. It's another to assess whether this change can be accommodated with existing assets or do we build capacity? The questions always should be, does this generate revenue for us? Managers need to manage this better on an ongoing basis for the sake of shareholders and investors."*

On the topic of developing integration and coordinating skills, key themes such as managing team structures and effectiveness came up, as well as the expectation for leadership to be able to coordinate and prioritise for impact. It is understood that there often isn't enough time and resources to carry out all activities discovered in the sensing and seizing processes, however a system that can help leaders prioritise critical activities and coordinate the work in teams and structures for execution, is important. Another theme that is noted as importance is having a metric system that effectively measures team performance and produce. Respondent B says:

> *"It is important to have a strategy and then have some kind of higher level metrics, which help you then evaluate if your action actually helps the business or not, because then ultimately, that helps you to decide which efforts are priority and which should be carried on and which efforts to stop."*

Interestingly, only 2 respondents were able to speak to governance structures and procedures in the media space. During the interviews, there was an expectation that this would show up in the case data, however typical corporate governance structures such as risk management forums were noted. One respondent mentioned something the concept of self-regulation in media governance as a mechanism to avoid governance structures that can stifle creativity. This is linked to parts of the literature which will be unpacked in the discussions.

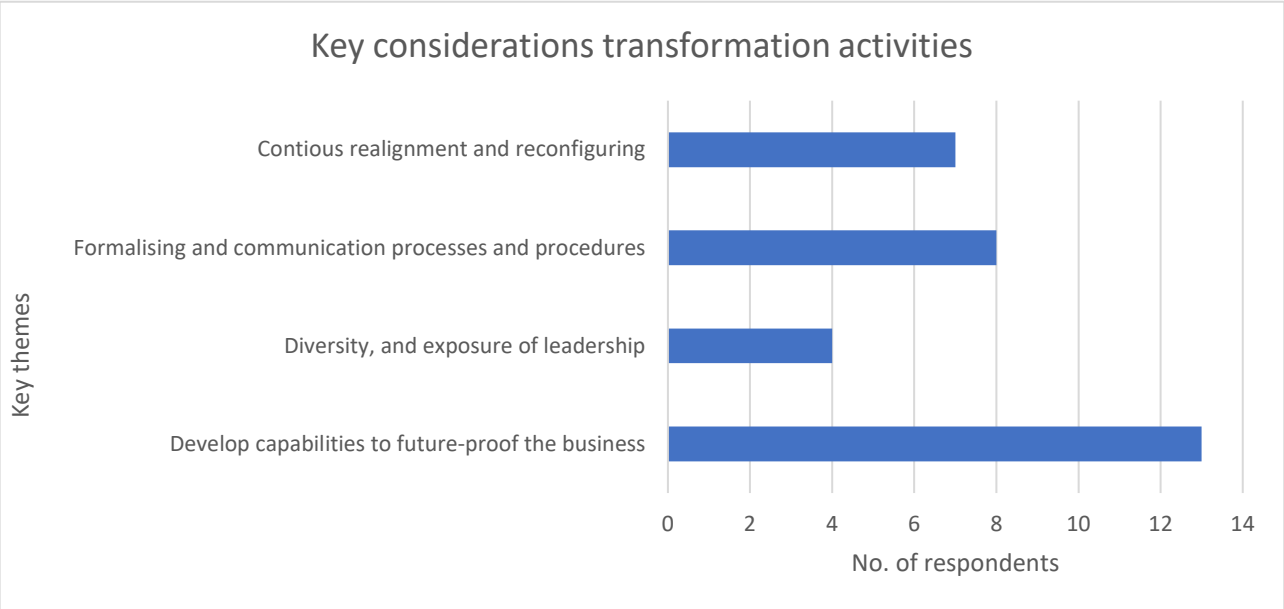

Figure 11: Key considerations transformation activities

The common understanding among the respondents, both case and expert interviews was that all activities aimed at transformation within the organisations need to be prioritise on a regular basis. There is the notion that during the production processes, there often isn't enough time to remember to follow these processes. This results in the lag that most respondents referred to in earlier conversations because work is delivered and maintained once off and never reviewed again until needed. This cultivates a reactive approach to things, instead of attempting to be proactive by building future proofing capabilities such as training staff of forecasting data analytics to enable them to make strategic decisions for the short, medium and long term.

The topic of leadership being diverse and expose to the outside world comes up again at this stage, this time as a challenge to leadership to do better. Respondent I says:

I always think, more marketers, and media companies, they do not get out from behind the desk sufficiently. The best marketers that I've ever worked with or known, always had a philosophy of getting into the trade getting out into the environment that you get your products are being been purchased and sold in to understand that market. Understanding that environment, and learning from it, and then the other, the other thing is always, always be open to the new ideas and new concepts.

Other respondents noted that new ideas and concepts may also come from within in the lower levels of the organisation and leaders need to follow procedures that enable them to engage with people at all levels of the organisations and create a safe space for people to communicate ideas back and forth between execution and management teams.

The issue of race and diversity comes up as a challenge to the status quo in the industry and in so doing, diversity in opinions and strategic inputs in board rooms and management meetings contributes to generating fresh ideas and concepts.

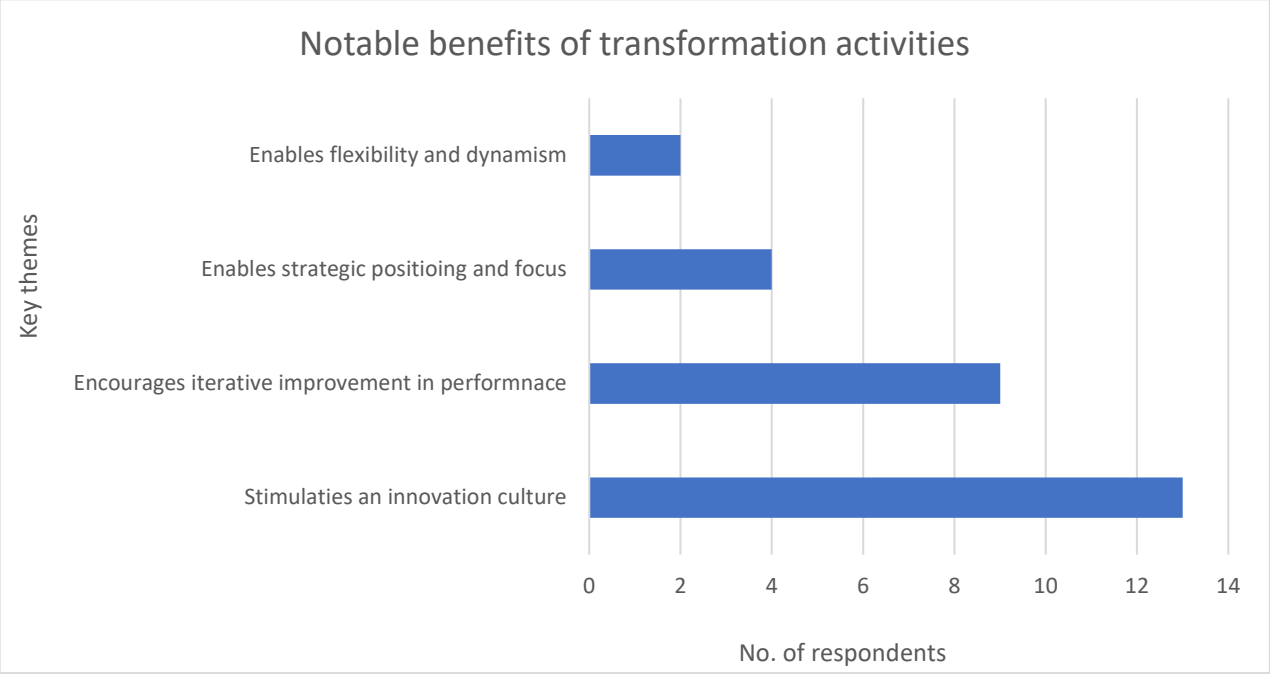

Figure 12: Notable benefits of transformation activities

Every question on transformation activities and processes was followed up with an understanding of the justification for why these processes, structures and incentives are important and the embedded benefits were discovered. These range from the organisations learning to be more flexible and dynamic in responding to rapid changes, to stimulating an innovation culture that contributes to maintaining long-running superior performance.

4.3 SUMMARY OF DATA PRESENTATION

This section summarises the key findings in the data collection process.

4.3.1 Understanding the media industry context

Understanding the media context in conversations with respondents, it is clear that change is a constant feature in the media industry. Some of the biggest disruptors noted include some topical items such as digital disruption, mobile and online channels, as well as changes in viewers' choice. This sets the context that media organisations do need to respond to these changes in a more strategic and targeted way.

4.3.2 Observing the processes and systems applied by media organisations in recognising opportunities

The task of observing processes and systems applied by media organisations in recognising opportunities reveals that there are formal and informal processes. However, currently more of these processes are informal, except in the case example where the formality of most sensing activities in underpinned by inherent corporate structures. Respondents advocate the need to formalise some of these processes to enable targeted operationalisation of insights derived from these sensing processes. Additionally, understanding the business imperative behind all sensing processes help shape, filter and direct sensing activities strategically.

4.3.3 Organisational structures, procedures and incentives applied by media organisations in responding to opportunities

The structures, procedures and incentives aimed at seizing opportunities include key decision-making protocols, structures for managing tangible and intangible assets and incentives for building loyalty and commitment, as observed in the literature. The key considerations to make in these processes, as shared by respondents include understanding whether or not the solution selected in the process best fits the customer need, it is aligned to the organisational strategy and objectives and clarity on how to measure the effectiveness of the solution.

4.3.4 Organisational structures, procedures and incentives for maintaining continuous alignment and reconfiguration of assets

The organisational structures, procedures and incentives are in place to maintain continuous alignment and configuration of assets, as seen in the data collection, include strategic asset management, developing integration and coordinating skills, strategic media governance and knowledge management systems. Majority of respondents agreed how critical this processes are in maintaining performance, however they admitted to the challenge of not having sufficient time and resources to see these processes through, well after the product development process has been completed.

CHAPTER 5: ANALYSIS AND DISCUSSION OF THE RESEARCH FINDINGS

5.1 INTRODUCTION

This chapter focuses on the analysis and synthesis of the data presented in chapter four as well as the knowledge and insights gained through the literature reviewed in chapter two. The data analysis focuses on the main findings regarding the study research questions. It is structured around the conceptual framework which is underpinned by the Dynamic Capabilities framework.

5.2 BACKGROUND

The study research questions aimed to understand the disruptive effects of innovation and technological advancements in and around the industry and how media organisations are recognising, responding and adapting to these changes, while maintaining long-running superior performance

The research findings are compared and contrasted with the reviewed literature to help answer the main research questions of this study, as well as discuss the conclusions, recommendations and suggestions for future research.

5.3 UNDERSTANDING THE MEDIA INDUSTRY CONTEXT

This sections seeks to provide detailed insight into the media context to establish an understanding, i) the nature of change in the industry, ii) discuss the current notable disruptive effects, as well as iii) observe how this is forcing media organisations to respond differently. These findings were achieved by asking respondents to describe the innovations and technological advancements in and around the industry and how they are driving transformative change in the industry.

The introduction of television in the late 1930s marked the beginning of a new era, spurring a global phenomenon in the media industry. The impact of this disruptive change has spanned across all mediums of entertainment, communication and marketing, including news, radio, film and advertising (Zhongua et al., 2021). Television and other forms of traditional media are now subjected to a digital evolution of information and communication technology, forcing them to adapt.

Some of the most significant digital disruptions stemmed from this new era of innovative technological and digital advances. Küng (2017), refers to technological and digital advances such as smart mobile technology and the internet of things (IoT) that result in significantly improved or new product and services. These new products and services introduce new segments in the industry, as well as fuel changes in spending and consumption patterns by consumers, and erode existing markets, segments and business models.

The industry is still experiencing these effects, while growth of digital technologies and new digital market entrants continue to stimulate the intensity of these effects (Gschwari & Sinclair, 2019). In order to survive and grow to maintain the multicultural, inclusive and positive force of media in society, media organisations need to understand how to create and capture value in digital technologies (Storsul & Krumsvik, 2013).

That being said, media organisations also need to redefine what this means for them as it differs from other industries by virtue of the nature of the industry. Part of that means understanding what innovative solutions they can produce in light of their specialities on the media innovation spectrum. These include technological, organisational as well as intangible creative innovations (Dogruel, 2015).

Interestingly, this is in line with the evidence in the data findings of this study. The data confirms that the media industry in characterised by constant, rapid changes and currently the biggest changes are spurred on by innovations and technological advancements in and around the industry. Digital disruptions, online and mobile platforms, changes in audiences' choices, and content fragmentations are amongst the noted big disruptors currently in the market. This means that, to avoid being left behind and losing marketing relevance, it is paramount for media organisations to be able to strategically recognise and respond and adapt to the rapid changes and maintain long-running superior performance.

Correspondingly, the literature reviewed also suggests that there is a need for strategic management tools that bridge the gap between the discipline of management and nuances of the media industry (Küng, 2007). The selection of a suitable framework or tool needs to accommodate the inevitability of technological change, the core of creativity in media organisations and the constant changes in the nature of content (Küng, 2007).

Moreover, the data findings revealed key considerations that may have an influence on media organisation's ability to respond and adapt to change effectively. These considerations include:

- Macroeconomic factors such as poor infrastructure and limited data access have a negative effect on distribution channels and accessibility strategies.
- The lack of active investment into learning and development needs to be addressed collectively by business and government.
- Legacy issues such as the monopolistic nature of competition in the market, bureaucracy, social and political affiliations that drive agendas that stifle innovation.

To contextualise some of the above mentioned issues, Malikane (2014) in his paper talks about the unfavourable and uncertain conditions in the African market within which media organisations operate. These are characterised by volatile financial markets, poor resourcing and provision of basic needs by government, with weak institutions and poor infrastructure services (Malikane, 2014). This means that media organisations need to be even more creative and strategic in how they respond and adapt to changes in order to maximise impact and avoid setbacks that are out of the immediate control.

To conclude, in the context of the transformational changes noted in the industry, media organisations need to be more strategic and targeted in their efforts to recognise, respond and adapt to change in a rapidly changing environment. Literature recommends that the selected framework and tools that help media organisations respond effectively need to be able to bridge the gap between the discipline of management and nuances of the media industry (Küng, 2007). Also, media organisations need to accommodate the inevitability of technological change, which is the core of creativity in media organisations and the constant changes in the nature of content (Küng, 2007).

5.4 OBSERVING THE PROCESSES AND SYSTEMS APPLIED BY MEDIA ORGANISATIONS IN RECOGNISING OPPORTUNITIES

This section discusses the data findings and literature insights as an attempt to respond to the study research questions of how media organisations recognise changes brought on by innovation and technological advancements in and around the media industry. The questions were synthesised according to the Dynamic Capabilities framework's key pillars, namely sensing, seizing and transforming. In line with the sensing pillar, the answers discussed uncover the formal and informal processes that media organisations follow to learn, filter, shape and calibrate opportunities.

In a fast-paced environment where global trends in innovation drive changes in consumer needs while opening up technological opportunities; the status of the industry is in a constant flux (ref). This alone can justify the need for organisations to constantly scan, search and explore across technologies and markets, both local and global (March & Simon, 1958), (Nelson & Winter, 1982).

Fundamentally, this means the ability of an organisation to filter information to make sense of it in context of internal discussions about changing markets is imperative. Senior management needs to be able to develop a hypothesis based on a set of information that allows for the hypothesis to be tested, and to synthesize the information and critically analyse it for significant insights (Casson, 1997).

Teece (2007), in his paper on the micro-foundations of Dynamic Capabilities, explicates some of the key processes (whether formal or informal) that tap into various sources of insights that can be useful in the product selection and development processes. These include:

- Processes to drive internal research and development and selection of new technologies.
- Processes to tap into the opportunities in supplier and complementor innovation.
- Processes to tap into insightful developments for exogeneous science and technology.
- Processes to tap into target market segments, understanding customer needs and exploring customer innovation opportunities.

The data findings revealed similar processes in media organisations. The processes can be distinguished between formal and informal processes, as follows,

5.4.1 FORMAL SENSING PROCESSES

5.4.1.1 Research and development

Research and development is in its purest sense not prevalent in the media industry. The reason for this is that there are industry research and development efforts by private and public institutions such as the African media Development Initiative and Africa Business Media Innovator research. However, research and development on product develop is carried out as and when needed and is not standardised. Other media organisations rely on research from other industries, such as digital and technological research (Kupe, 2004). They scan through this data and synthesize the information in the form of secondary desktop research. This is what one of the respondents from the group of case participants said during the interviews.

5.4.1.2 Periodic business reviews

Periodic business reviews are sensing processes that give insights from an executive level of the organisation, detailing internal and external insights. These could be documents like annual financial results that are consolidated by management and communicated internally and expectantly to the organisation. These are mainly expected in organisations that have requirements to report for the purpose of the stakeholder management. The case participants were able to discuss this point in detail as Connected Video is part of a listed company, Multichoice SA that is required to report. These inherent structures of reporting filter through to the functional business units where the insights of these reports translate into insights for product development.

5.4.1.3 Knowledge sharing via ticketing systems

Knowledge sharing is a powerful source on tapping into insights, especially in an environment where there are many projects running at the same time and research is all over. Having a ticketing system is a process to tap these insights. Whether these are manual or automated systems, the processes to capture the information need to be embed in the product development processes to ensure all the dynamic knowledge surrounding a particular project is protected and captured for future use.

5.4.1.4 Data and analytics: audience ratings

Audience ratings reports such as Nielsen and RAMS are the popular sources of customer insights. These give a view of consumer patterns, preferences and insights into specific target market segments. As much as these are popular, some respondents in the interviews cautioned against these, saying that in the context of a rapidly change environment, these reports can be outdated and delayed. Respondents say this calls for relook at how to analyse the reports and couple them with processes that tap into real-time data.

5.4.2 INFORMAL SENSING PROCESSES

5.4.2.1 Data and analytics: social media monitoring

Social media monitoring can address the formal sensing challenge of relying on outdated reports to gain insights. Social media monitoring can serve real-time data that gives a sense of customer sentiments, behaviours, interests, that are specific to a chosen target market. It also provides an opportunity for real-time engagement with consumers for direct real-time consumer insights (Paterson, 2013).

5.4.2.2 Relations with suppliers and complementors

Most respondents spoke about how important this process is, whilst it is informal, it happens in the day to day activities of engagement with suppliers and other partners. Spending time in the field and learning from engagements with supplier, partners and consumers can yield useful insights.

5.4.2.3 Institutional knowledge

This refers to the ability for media organisations to tap into the knowledge that sits in the heads of employees (Tranfield et al., 2003). Employees are experts in their respective fields and carry with them a wealth of knowledge that is useful for product development processes.

These are some of the sensing processes and systems in place for media organisations to take advantage of. It is important to note that sensing processes and systems exist in various shapes and forms depending on the organisational structure and size (Teece, 2007). As in the case participants (on page--), they are able to refer to formal processes more than industry experts because their processes are underpinned by a corporate structure. Other media organisations who are not guided by a corporate structure need to formalise what is important to them to ensure they benefit from new and fresh insights.

On the point about new and fresh insights, respondents commented about the need for diverse and exposed leadership. Leadership and senior management should be drivers in experience, knowledge, and exposure (Kim & Mauborgne, 2014).

This brings us to the conclusion that media organisations do have processes that are focus on sensing, learning, filtering and shaping information and insights for the purpose of new product development. There are formal and informal processes, which are mixed up and balanced depending on the structure and size of the organisation. Such processes include research and development, business reviews, accessing audience rating reports, knowledge sharing systems, data and analytics. A sensing process that is unique to the media industry is the role of social media monitoring in the research processes. All these processes are geared at generating, filtering, shaping and sensemaking of insights that can be useful for the product development process.

5.5 OBSERVING ORGANISATIONAL STRUCTURES, PROCEDURES AND INCENTIVES APPLIED BY MEDIA ORGANISATIONS IN RESPONDING TO OPPORTUNITIES

This section discusses how media organisations respond to changes brought on by innovations and technological advancements in and around the media industry, by introducing significantly new products and services in the market. This research question looks at the organisational structures, procedures, designs and incentives in place for seizing opportunities.

Once a new opportunity (technical or market) is identified in the sensing processes, it must be addressed by producing significantly new products, services and processes (ref). Once a dominant idea is discovered, the strategic choices around that idea are all geared at making sure that idea can be implemented (Teece, 2007). This can be illustrated using the case of Multichoice and Connected Video. The listing and unbundling of MultiChoice Group Ltd executed by Naspers in 2018 was aimed at creating a leading entertainment business listed on the JSE, while maintaining its reputation as the fastest growing pay-TV operator locally and globally (Naspers, 2018). The results of this venture can be seen with the advent of Showmax and DStv online, a first in the South Africa to compete against global players such as Netflix and Amazon Prime (Msomi, 2022).

The strategic choices then inform the necessary structures, procedures, and routines to deliver the selected solution to market. If innovation in the organisation is incremental, then the adaptation of routines, structures and procedures can be gradual, whereas if innovation is radical, as in the case of Showmax, then it mandates for a complete revamp of structures, procedures and routines (Teece, 2007). This also supports the fact that organisations cannot produce new solutions using old processes(Bivens, 2008). Looking back at some of the legacy issues identified in earlier discussions, these can also hinder the ability for media organisations to completely revamp their structures to cater for radical solutions.

Looking at how the literature by David J. Teece (2007) on the micro-foundations of Dynamic Capabilities spells out the key structures, procedures and incentive for seizing opportunities in comparison to what the data collection found, there are synergies and trends useful for the purpose study.

Teece's Dynamic Capabilities teaches us that there is expectations for structures and procedures that delineate the customer solution and business model (Teece, 2007). This refers to the processes of ensuring that technical capabilities and business model designs selected are best fit for the solutions identified. Evidently, the data findings in this study shows this where respondents from the case participants describe their internal processes for product and content development. Also, the engineering team at Showmax, revealed that these procedures are used primarily to ensure that investment of time and resources is guided strategic to avoid wastage. Employing agile solutions to hypothesis, allows for testing and ruling out what works and doesn't work before investing large amount of time building a big solution that may not be impactful. This approach spurs on the collaborative and agile culture that is required for competing in a digital age (Noam, 2018)

On the other hand, the expert interviews revealed other models and tools that can be used to achieve the similar results, such as the business model canvas. A business model canvas can assist organisations in delineating the customer solution and business model, by visualizing all the key elements of what makes up a suitable business model, such as revenue structure, costs structure, value proposition etc, thus being able to precisely see what the full view of the solution entails (Teece, 2018).

In addition, decision-making procedures is another critical guard rail in Teece's (2007a) the Dynamic Capabilities framework, as it provides the ability for leadership in purposefully focus on making big decisions that may have lasting effects. Teece (2007a) explains that these procedures guide leadership to recognise the key inflexion points, realise and avoid decision errors and guard against cannibalisation.

The same procedures can be seen in the case study, with respondents from the case participants sharing how they have decision making forums where business cases are reviewed strategically before final approvals are given. The forums include representatives from key parts of the business, such as, finance, risk, marketing, HR, etc. This contributes to the need for diversity in key conversations, that was referred to in the sensing processes discussion.

Structures for setting boundaries and control of platforms in the literature are in line with the strategic asset calibration assets. These processes are aimed at calibrating assets for delivery of solutions selected by removing bottleneck assets and coupling complementor assets (Teece, 2007). This is also a way to enable setting of boundaries which is what many of the respondents mentioned when asked about the asset calibration structures. Respondents mentioned that it is important to set boundaries around where you want to play as business so that you can be clear what assets compliment that. In the Case example, respondents indicated that the business case reviews done in strategic decision-making forums are then analysed by the asset managers of the organisation to advise on strategic assets to focus on.

Building loyalty and commitment is concerned with procedures and incentives that make the culture in the organisation conducive and inspiring to work in. The leadership and values of the organisations set the tone for this. Relevant to this process, the data findings suggest that the initial and key points is the ability for leadership to prioritise and coordinate work for teams to focus on. In this setting, the leadership is responsible for putting together effective team structures and communication channels that enable successful delivery of products. Expert respondents corroborate this point that there isn't always enough time and money to do everything desired. Thus, leadership needs to prioritise for the short, medium and long term. Secondly, the Case respondents augmented this point that leadership needs to create a safe space where people are motivated, with enough knowledge and context of the organisational strategy and skills and tools for them to operate autonomously and effectively.

Continuously, under this topic all respondents comments pointed out the critical role that leadership plays in this process, particularly in small to medium media houses that are independent of corporate structures. This is key to this study and in line with some of the key considerations shared by respondents on the topic of processes that propel product delivery, such as,

- Understanding what the business imperative is of the sensing and seizing activities to avoid endless processes with no results.
- Being clear on how the solution solves the customer problem to ensure teams products that are fit for purpose
- Being able to measure the effectiveness of a solution once deployed in the various iterations in the agile processes.

In view of the research question under this topic, it may be concluded that media organisation have structures, procedures and incentive designs that are geared at supporting the efforts of the organisation in delivering new products and services to the market.

Some respondents voiced the opinion that new product and services development is critical for responding effectively. They are of the view that competing in a new market with old market products is not sufficient in responding to digital disruption. A portion of the respondents felt that new products and services such as developing mobile apps and online platforms is essential, however, equally others felt that the disruption should be from a content point of view, delivering renew content that is fit for the consumer and fit for the various traditional and digital platforms available.

In summary, insights from sensing processing need to be operationalised to get to the product development process that is critical for responding to chance. Strategic management of assets, partnerships and acquisition is essential to the process of developing new products and get to market faster. Agility, collaboration and testing in the process is very important in digital products and content production. Continuous feedback and evaluation is needed for ongoing improvement or processes and products.

5.6 SUMMARY OF THE DISCUSSION

This chapter summarises a synthesis of the data presented in Chapter Four as well as the knowledge and insights gained through the literature reviewed in Chapter Two. The discussion points are structured around the conceptual framework underpinned by the Dynamic Capabilities framework. In answering the key research questions, the study found that media organisations are constantly facing new challenges with rapidly changing markets, influenced by global trends, innovation and technological advancements. The discussion surrounds the challenge of responding to the changes through innovative solutions, as well as some of the considerations to be made by media organisations when developing capabilities for superior performance.

The processes, structures and procedures etc., for sensing, seizing and transforming observed in chapter two literature review are in line with those found in the research data. The nuances found were in line with the nature of the industry. The role of leadership in guiding these processes at all stages in critical, together with clear communications around the organisation strategy and business objectives.

On the topic of transformation, the data and literature found consensus in the that the transformation related procedures, structures and process need to be part of a set routine of activities that are geared towards maintaining superior performance. A cross cutting theme about leadership being responsible for guiding the organisation to success was one of the key points out if the discussion. This addresses the point around dynamic capabilities being idiosyncratic, leadership needs to lead according to the culture and value of the organisation.

CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

This chapter summarises the findings of the study and the conclusions that have been drawn from the literature reviewed and data collected through the research questions. The chapter also concludes and gives some recommendations for media owners and practitioners and suggestions for future research.

With regards to the media industry context, this research study looked at how media organisations recognise, respond and adapt to rapidly changing environments as a result of innovation and technological advancements in and around the industry while maintaining long-running superior performance.

Using the established context of media and the guiding pillars of the Dynamic Capabilities framework, the following research questions were explored,

1. **Media context -** Describe the innovations and technological advancements in and around the industry and how they are driving transformative change in the industry?
2. **Sensing** - What formal and informal systems are in place to learn, filter, shape and calibrate opportunities?
3. **Seizing** - What are the organisational structures, procedures, designs and incentives are in place for seizing opportunities?
4. **Transforming** - What organisational processes and structures are in place to maintain continuous alignment and configuration of assets?

6.2 SUMMARY OF MAJOR FINDINGS

In response to the research questions regarding the understanding in the media context, major findings in literature and data collected shows that the media industry is characterised by constant, rapid changes and currently the biggest changes are spurred on by innovations and technological advancements in and around the industry.

The data showed that digital disruptions, online and mobile platforms, changes in audiences' choices, and content fragmentations are amongst the noted big disruptors in currently in the market, while the literature concurred that these have disruptive effects on the fundamentals of media content, platforms and business models.

Therefore, to avoid being left behind and losing marketing relevance, it is vital for media organisations to be able to strategically recognise and respond and adapt to the rapid changes and maintain long-running superior performance.

Responding to the question of how media organisations sense change and opportunities to adapt, there are formal and informal processes; these are mixed up and balanced depending on the structure and size of the organisation. As aforementioned in previous section, the formal and informal processes include research and development, business reviews, accessing audience rating reports, knowledge sharing systems, data and analytics. Operationalising insights into the product development progress is paramount.

Data found on seizing procedures, structures and processes are also in line with the literature and the case of Connect Video with Showmax illustrated how a sensing process translate into insights that can be operationalised strategically. Out of the grand strategy are the key assets, structures, processes and procedures necessary to develop and deploy new products into the market. The necessary routines to maintain long-running superior performance are also derives out of the strategy and leadership is responsible for ensure the routines to realign and reconfigure assets are maintained and are still yielding results for the desired objective.

6.3 KEY CONCLUSIONS OF THE STUDY

In context of the transformational changes noted in the industry, media organisations need to be more strategic and targeted in their efforts to recognise, respond and adapt to change in a rapidly changing environment. The selected framework and tools that help media organisations respond effectively need to be able to bridge the gap between the discipline of management and nuances of the media industry (Küng, 2007). Also, media organisations need to accommodate the inevitability of technological change, the core of creativity in media organisations and the constant changes in the nature of content (Küng, 2007).

Based on the above knowledge, the conclusions of the study is that, media organisations do have processes for sensing, learning, filtering and shaping information and insights for the purpose of new product development. There are formal and informal processes and these are mixed up and balanced depending on the structure and size of the organisation. These processes include research and development, business reviews, audience rating reports, knowledge sharing systems, data and analytics. A process unique to the media industry is the role of social media monitoring in the research processes. All these processes are geared at generating, filtering, shaping and sensemaking of insights that can be useful for the product development process.

6.4 RECOMMENDATIONS FOR BUSINESS / STAKEHOLDERS

It is recommended that the frameworks and tools selected for supporting efforts in responding to change effectively need to: -

- accommodate the inevitability of technological change, the core of creativity in media organisations and the constant changes in the nature of content (Küng, 2007).
- redefine what their innovation objectives are in order to realise what processes, procedures and structures can best guide them towards achieving their set objectives.

Mutually, these tools should be in line with the business imperative, within the boundaries of the organisations' resources, capabilities and values. It is in this regard that leadership also plays a pivotal role in the entire process of sensing, seizing and transforming.

6.5 SUGGESTIONS FOR FUTURE RESEARCH

Future research on similar and related topics has an opportunity to bridge the knowledge gap by:

- Aligning strategic management theory with media management theory in the context of innovation. The Dynamic Capabilities framework provides a basis of foundational capabilities necessary to respond to rapid market changes. This in corporation with media management theory principles in an innovation context that could introduce new discoveries in innovation research in media.

- Taking into account the processes, procedures, structures and incentive designs necessary to developing capabilities designed to support initiatives aimed at responding and adapting an ever-changing world. These should be embedded in media management theory with a strategic management lens in an innovation context.

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APPENDIXES

APPENDIX A – Research Overview

The purpose of the study

The study seeks to observe how media organisations develop capabilities in order to recognise and respond to emerging disruptive innovations in the media industry in South Africa. The aim is to explore the necessity and practicality of developing capabilities to improve performance and strengthen competitive advantage in a fast-changing environment.

Media organisations are constantly facing major transformational changes as a result of emerging disruptive innovations. Technological and digital advances (e.g., smartphone technology and social media websites) result in significantly improved or new product and services, that introduce new segments in the industry, as well as fuel changes in spending and consumption patterns by consumers, and erode existing markets, segments and business models.

Digital disruption continues to be the most significant change experienced by the industry, resulting in trends such as digitalisation and polymediation, that force media organisations to develop new capabilities.

Considering current trends and disruptions in media, could the Dynamic Capabilities framework be adopted in media organisations attempting to respond to disruption?

Question structure

Media Industry context

How would you describe the disruptive nature of the industry?

Why is responding to and scaling above disruption important for organisational and industry growth?

What do media organisations consider when developing capabilities to compete and improve performance?

Sub-question 1:

What formal and informal systems are in place to learn, filter, shape and calibrate opportunities and treats?

Sub-question 2:

What are the organisational structures, procedures, designs and incentives are in place for seizing opportunities?

Sub-question 3:

What organisational processes and structures are in place to maintain continuous alignment and configuration of assets?

APPENDIX B – Case - Interview Questions

Conceptual framework	Case - Interview Questions
Media industry context	How would you describe/define innovation in the media industry? - Digital disruption - Fragmentation - Platform and content changes
	What would you say is the biggest disruption in the industry?
	What are the common trends when dealing with disruption? - Acquisition strategies - Talent attraction strategies - Non-linear supply chains - Fragmentation - Evolving content and platforms
	Why is responding to and scaling above disruption important for organisational and industry growth? - Refer to impact of media one the economy and social well-being
	How do media organisations learn and build or acquire capabilities?
	What do media organisations consider when developing capabilities?
Sub-question 1 (Sensing): What formal and informal systems are in place to learn, filter, shape and calibrate opportunities and treats	Discuss processes to direct internal R&D and select new technologies - If not R&D, what knowledge repositories are in place and processes for gathering new knowledge?
	Discuss process to encourage supplier and complementor innovation.
	How are developments external science and technology explored?
	What are the processes to identify target market segments, changing customer needs and customer innovation?
	Upon gathering these insights, what framework or guiding principles are used to filter through the data?
Sub-question 2 (Seizing): What are the organisational structures, procedures, designs and incentives are in place for seizing opportunities?	Once opportunities have been identified, seizing takes place through new product, processes and service development What procedures guide the selection of product development, business models, revenue structures and mechanisms to maximise value creation?
	What are the strategic decision-making protocols in place? - Recognising inflection points and avoiding decision errors - Anti-cannibalization decisions - Managing complements and "control" platforms - Key strategic decisions such as asset calibration, (selecting appropriate assets and removing bottleneck assets)
	How does the organisation build loyalty and commitment? - Leadership style that encourages innovation - Effective communication - Values and culture

Sub-question 3 (Transforming): What organisational processes and structures are in place to maintain continuous alignment and configuration of assets?	How does the organisation manage strategic fitness of assets in the long term to enhance value over time? - If the organisation is responding to digital disruption for example and creates new digital platforms, what new and old assets support that strategy in the long term?
	What guides the selection of knowledge management systems or processes in the organisation? - How to manage new and existing knowledge - Knowledge transfer process between new and old staff
	How does the organisation identify the need for updating corporate governance strategies in light of new organisational changes? - Data governance - Content ownership - Platform ownership and licensing
	How are possible organisation structures explored, embedded and maintained? - Coupling structures - Embracing open innovation - Integration and coordination skills
Outputs/Outcomes	Would you agree that developing strategic capabilities is influence by the organisation's resources, processes and values? If so, how?
	How would you say developing strategic capabilities has an impact performance and revenue?
	How has developing strategic capabilities improved the innovation culture of the organisation?
	What other strategic changes contribute to the ability to compete in a disruptive environment?

APPENDIX C – Experts - Interview Questions

Conceptual framework	Experts - Interview Questions
Media industry context	How would you describe/define innovation in the media industry? - Digital disruption - Fragmentation - Platform and content changes
	What would you say is the biggest disruption in the industry?
	What are the common trends when dealing with disruption? - Acquisition strategies - Talent attraction strategies - Non-linear supply chains - Fragmentation - Evolving content and platforms
	Why is responding to and scaling above disruption important for organisational and industry growth? - Refer to impact of media one the economy and social well-being
	How do media organisations learn and build or acquire capabilities?
	What do media organisations consider when developing capabilities?
Sub-question 1 (Sensing): What formal and informal systems are in place to learn, filter, shape and calibrate opportunities and treats	Discuss processes to direct internal R&D and select new technologies - If not R&D, what knowledge repositories are in place and processes for gathering new knowledge? - What role does individual cognition and creativity play in sensing for new opportunities and threats? - Are these processes formalised? And if not, why not? If so, how?
	Discuss the process to discover new partnerships and relationships (with supplier, customer, tech partners etc) in and around the industry?
	What are the processes to identify target market segments, changing customer needs and customer innovation?
	Upon gathering these insights, what framework or guiding principles are used to filter through the data?
Sub-question 2 (Seizing): What are the organisational structures, procedures, designs and incentives are in place for seizing opportunities?	Once opportunities have been identified, seizing takes place through new product, processes and service development What procedures guide the selection of product development, business models, revenue structures and mechanisms to maximise value creation?
	What are the strategic decision-making protocols in place? - Recognising inflection points and avoiding decision errors - Anti-cannibalization decisions - Managing complements and "control" platforms - Key strategic decisions such as asset calibration, (selecting appropriate assets and removing bottleneck assets)

	How do media owners/practitioners build loyalty and commitment? - Leadership style that encourages innovation - Effective communication - Values and culture
Sub-question 3 (Transforming): What organisational processes and structures are in place to maintain continuous alignment and configuration of assets?	As media owners/practitioners, how important is it to maintain scanning the environment, managing relations and strategies over time times? - Are these processes formalised? And if not, why not? If so, how?
	What guides the selection of knowledge management systems or processes in the organisation? - How to manage new and existing knowledge - Knowledge transfer process between new and old staff
	How do media owners/practitioners update corporate governance strategies in light of new changes? - Content ownership - Platform ownership and licensing
	How are possible team structures explored, embedded and maintained? - Coupling structures - Embracing open innovation - Integration and coordination skills
Outputs/Outcomes	Would you agree that developing strategic capabilities is influence by the organisation's resources, processes and values? If so, how?
	How would you say developing strategic capabilities has on impact performance and revenue?
	How has developing strategic capabilities improved the innovation culture of the organisation?
	What other strategic changes contribute to the ability to compete in a disruptive environment?

APPENDIX D – Consent Form

Title of project

Name of researcher

I, …….., agree to participate in this research project. The research has been explained to me and I understand what my participation will involve. I agree to the following:

(Please circle the relevant options below).

I agree that my participation will remain anonymous	YES NO
I agree that the researcher may use anonymous quotes in his / her research report	YES NO
I agree that the interview may be audio recorder	YES NO
I agree that the information I provide may be used anonymously after this project has ended, for academic purposes by other researchers, subject to their own ethics clearance being obtained.	YES NO

…… (signature)

…… (name of participant)

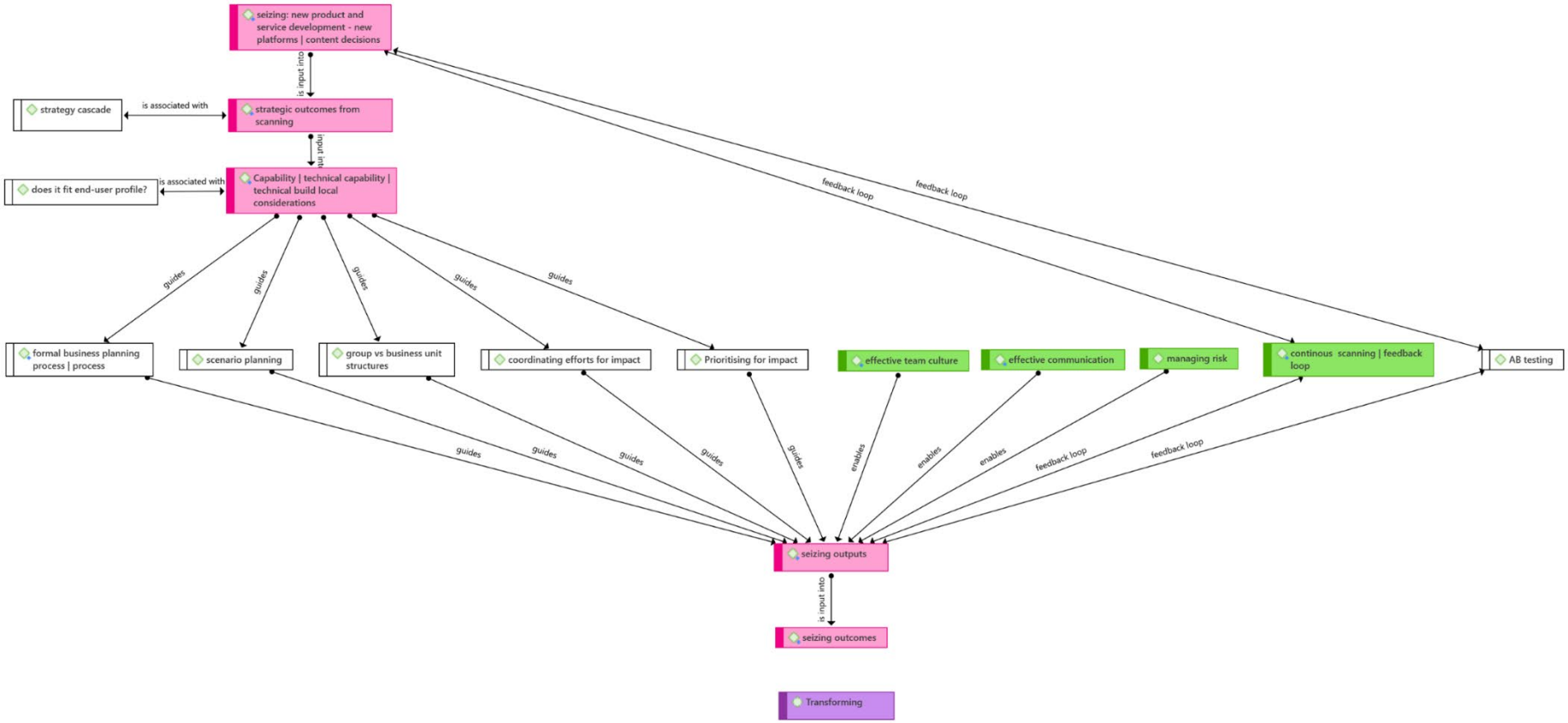
…… (date)

…… (signature)

…… (name of person seeking consent)

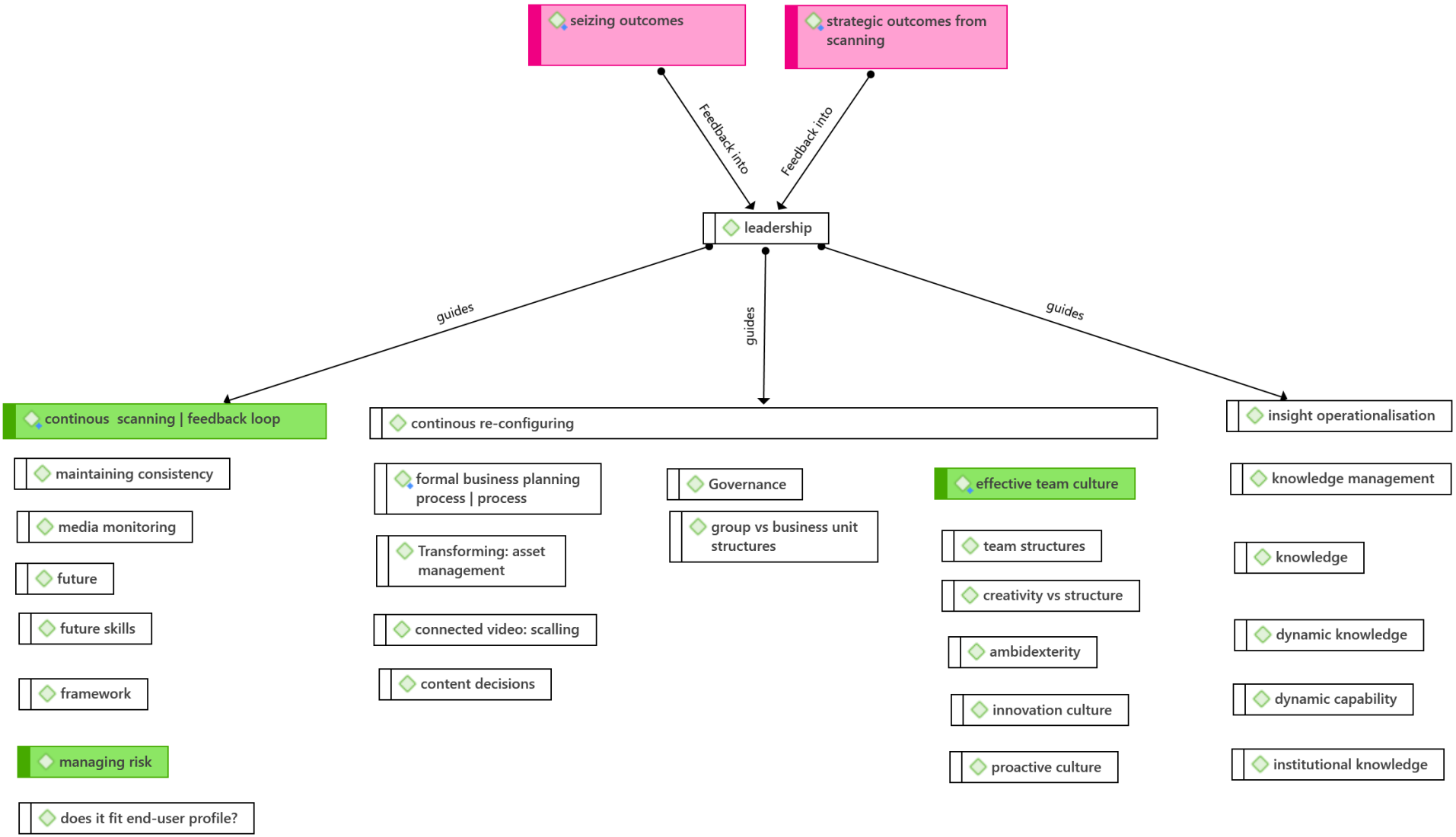
…… (date)

APPENDIX E – Seizing: Data Analysis



APPENDIX F – Sensing: Data Analysis

APPENDIX G – Transforming: Data Analysis



APPENDIX H – Business Model

A business model that drives value

Inputs

The resources and relationships we rely on

Financial capital

- ZAR9.5bn equity (FY20: ZAR9.8bn)
- ZAR1.4bn financial debt (FY20: ZAR0.1bn)
- 51 969 shareholders (FY20: 55 059)

Technology and platforms

- Widespread DTH satellite footprint covered by four different satellites (two through Intelsat and two through Eutelsat)
- A DTT network covering 117 cities over eight countries, serviced by an Intelsat satellite
- OTT services: DStv streaming and Showmax delivered via online or mobile platforms
- Numerous support technologies (including artificial intelligence (AI)) for customer service, billing, playout, archiving, scheduling and Irdeto security encryption
- A range of production capabilities that can support both top-end professional sport productions and smaller-scale productions like school sport

Industry expertise

- 36 years' industry experience
- Market leadership across 50 countries
- Deep understanding of customers' entertainment needs
- Irdeto has 51 years of experience in security solutions

Business activities

Curate great content

LOCAL	SPORT	INTERNATIONAL
produced or acquired	produced or acquired	acquired or distributed

Package content into our own channels

- 37 proprietary GE channels(1)
- 56 sports channels
- 2 OTT services

Acquire pre-packaged channels

- 103 international GE channels(1)
- 22 local GE channels(1)
- 26 news channels

Aggregate channels into tiered packages
Sell advertising slots on select channels through DStv Media Sales

Premium | Mid market | Mass market

Secure and encrypt content irdeto Also services external clients

Distribute to customers across multiple platforms

Satellite technology | DTT technology | Set-top box technology | OTT technology

Launch new products and services
Launch new products and services into the ecosystem to offer customers an expanded entertainment offering

Sales and customer experience
Marketing and awareness, subscription and decoder sales, value-added services, customer service, loyalty

Outputs
Our products and services

Outcomes
How we enhance our capitals

(these continue in detail on the next page)

Inputs

The resources and relationships we rely on

Our people

- 7 028 permanent employees (FY20: 6 894)
- Inclusive, customer and people-centric culture with strong employee brand ambassadorship

Customer and supplier relationships

- 20.9m 90-day active subscribers (FY20: 19.5m)
- >400 business to business (B2B) customer relationships through Irdeto (FY20: >400)
- Relationships with local and international content providers, key satellite technology providers and a network of 6 413 accredited installers and 2 833 independent service providers across Africa (FY20: 5 604 and 1 747)
- Preferential procurement initiatives

Corporate citizenship

- Relevant licences issued by regulators across Africa
- Local communities who collectively produce the future of film and sport talent in the countries in which we operate
- Local entrepreneurs supported through the MultiChoice Innovation Fund
- Beneficiaries of the Phuthuma Nathi BBBEE scheme
- Electricity, diesel and water usage at our operations

(1) General entertainment content. Numbers exclude religion, specialist,

A business model that drives value continued

Outputs

Our products and services

DStv

- Offers services in 50 markets
- Six core bouquets at varying price points
- >150 linear video channels
- Catch Up and movie rental (BoxOffice) services

GOtv

- Offers services in eight markets
- 70 linear video channels on average
- Four core bouquets at varying price points

showmax DStv

- DStv streaming service offered as a value-added service for DTH customers, and offered as a standalone streaming service
- Subscription video on demand (SVOD) service, Showmax, is available in 50 markets with standard, mobile and sport (Showmax Pro) offerings. It has localised versions in four markets, and DStv add-to-bill options in 11 markets

DStv Media Sales

- Commercial airtime sales across 178 linear video channels

irdeto

- Cybersecurity and anti-piracy services to the group plus external customers in 72 countries, across multiple industries including media security, gaming, connected transport and other connected industries

New products and services

New products and services added to our ecosystem to enhance the entertainment offering available to customers include:

- DStv Explora Ultra
- Movie bundles (Add Movies)
- Insurance products
- Third-party SVOD services
- Sports betting through an initial 20% investment in BetKing

Outcomes

How we enhance our capitals

Financial capital

- ZAR3.3bn core headline earnings (FY20: ZAR2.5bn)
- 40% return on capital employed (FY20: 30%)
- ZAR2.5bn dividend declared (FY20: ZAR2.5bn)

Technology and platforms

- ZAR0.2bn investment in technology assets (FY20: ZAR0.2bn)
- ZAR2.6bn transponder costs (FY20: ZAR2.6bn)
- Investment in OTT platforms: content discovery and platform stability
- ZAR0.6bn investment in capex to better service our customers through enhanced billing and data capabilities and ZAR0.1bn as part of an IT hardware refresh cycle
- ZAR0.1bn building and infrastructure spend (FY20: ZAR0.1bn)

Industry expertise

- ZAR5.9bn invested in local general entertainment and sport content (FY20: ZAR6.2bn)
- 4 567 hours of local content produced (FY20: 3 850)
- Local content library exceeds 62 000 hours (FY20: 56 800)
- 42% of total general entertainment content spend was on local content (43% in constant currency) (FY20: 40%)

Our people

- ZAR212m invested in skills development (FY20: ZAR191bn)
- 1 859 employees formally trained (FY20: 3 018)
- 47% of our employees are women (FY20: 47%) and 53% are men (FY20: 53%)
- Robust compliance and governance structures

Customer and supplier relationships

- 1.4m net additions[1] (FY20: 0.9m)
- Irdeto increased market share with six tier-one customer wins
- 77% customer satisfaction (CSAT) score in South Africa (FY20: 75%)
- 72% CSAT score for DStv (FY20: 71%) and 70% CSAT score for GOtv (FY20: 70%) in the Rest of Africa
- ZAR11.5bn preferential procurement spend with local South African suppliers (FY20: ZAR10.4bn) including ZAR3.3bn on South African SMMEs (FY20: ZAR4.9bn)

Corporate citizenship

- ZAR11.2bn total tax contribution (FY20: ZAR12.0bn)
- Invested ZAR446m[2] in CSI initiatives (FY20: ZAR247bn)
- MultiChoice Innovation Fund supported 10 new beneficiaries
- ZAR1.5bn in dividends paid to Phuthuma Nathi shareholders (FY20: ZAR1.5bn)
- Light carbon footprint with several initiatives applied to minimise impact

[1] *Relates to 90-day active subscribers.*
[2] *Includes non-cash advertising contributions of ZAR271m in FY21 (FY20: ZAR79m).*

Managing trade-offs

APPENDIX I – Naspers delisting Notice

Naspers Limited

(Incorporated in the Republic of South Africa)

(Registration number 1925/001431/06)

JSE share code: NPN ISIN: ZAE000015889

LSE ADS code: NPSN ISIN: US 6315121003

(“Naspers” or “the company” or “the Group”)

LISTING AND UNBUNDLING OF VIDEO ENTERTAINMENT BUSINESS AS MULTICHOICE GROUP ON THE JSE

Naspers today announced its intention to list its Video Entertainment business separately on the Johannesburg Stock Exchange (JSE) and simultaneously to unbundle the shares in this business to its shareholders. The new company will be named MultiChoice Group Ltd ("MultiChoice Group") and will include MultiChoice South Africa Holdings (Pty) Ltd (and its subsidiaries, associates and/or affiliates), MultiChoice Africa Holdings B.V. (and its subsidiaries, associates and/or affiliates), MultiChoice Botswana (Pty) Ltd, MultiChoice Namibia (Pty) Ltd, NMS Insurance Services SA Ltd, (the aforesaid entities collectively "MultiChoice"), the African division of Showmax B.V. (and its subsidiaries, associates and/or affiliates), Irdeto Holdings B.V. (and its subsidiaries, associates and/or affiliates) and Irdeto South Africa (Pty) Ltd (collectively "Irdeto").

This marks a significant step for the Naspers Group as it continues its evolution into a global consumer internet company. Listing MultiChoice Group via an unbundling is expected to unlock value for Naspers shareholders and at the same time create an empowered, top 40 JSE-listed African entertainment company.

MultiChoice Group will remain committed to broad, socio-economic transformation in South Africa, most notably through its Phuthuma Nathi Investments (RF) Limited and Phuthuma Nathi Investments 2 (RF) Limited (collectively, “PN”) share schemes. The PN schemes are among the most successful broad-based black economic empowerment (BBBEE) schemes in South Africa and have already created around ZAR12 billion in value for BBBEE shareholders.

In addition to the value created to date, the Naspers board believes that the unbundling transaction will create further value for PN shareholders. This is due to Naspers’ intention to allocate – for no consideration – an additional 5% stake in MultiChoice South Africa Holdings (Pty) Ltd (“MCSA”) to PN shareholders prior to the unbundling to increase MultiChoice Group’s BBBEE shareholding. This means that the PN shareholders’ interest in MCSA and its dividend flows is expected to increase by 25%. The additional 5% stake in MCSA is designed to reinforce MultiChoice Group’s commitment to black economic empowerment, increase PN’s upside in future value creation and ensure the continued compliance with regulatory requirements post unbundling. Further, post-listing and subject to obtaining the necessary PN board and shareholder approvals, it is the ambition of MultiChoice Group to enable 25% of the PN shareholders’ original shareholding (i.e. before the allocation of the additional 5%) to be exchanged for MultiChoice Group shares that will be freely tradeable, thereby unlocking incremental value for PN shareholders.

The listing and unbundling are intended to create a leading entertainment business listed on the JSE that is profitable and highly cash generative – today, it is one of the fastest growing pay-TV operators globally and its multi-platform business entertains 13.5 million households across Africa. In the last financial year, the business added 1.5 million subscribers, and generated revenue of ZAR47.1 billion and trading profit of ZAR6.1 billion. It employs more than 9,000 people in Africa and indirectly creates economic prosperity for over 20,000 more who are employed by its various partners and suppliers across the continent.

The strong leadership team is diverse, experienced and well-positioned to take the company forward. MultiChoice Group will continue to offer an unmatched selection of local and original content, as well as a world-class sport offering. The business is also positioning itself for the future, and for changes in technology by offering online streaming services, including Showmax and DStv Now. The combination of MultiChoice's reach, Showmax's cutting-edge internet television service, and Irdeto's 360 Security suite will provide a unique offering.

MultiChoice Group is expected to be unbundled with limited leverage, providing it with the necessary financial flexibility to pursue growth opportunities in African video entertainment. Africa is one of the fastest-growing continents by both GDP and population, its middle-class is rapidly expanding, and the penetration of video entertainment is still relatively low.

The Naspers board expects that the listing and unbundling will deliver value to the South African economy and Naspers and PN shareholders. Naspers will continue to invest in South Africa through its interests in ecommerce businesses such as Takealot, Mr D Food, PayU, OLX, Property24, and AutoTrader SA, among others. In South Africa, over the past three years, Naspers has invested a total of ZAR6.9 billion in M&A activity and in developing its existing businesses. In the past financial year alone, ZAR3.3 billion was allocated to its internet businesses. Naspers will also retain its primary listing on the JSE as well as its interests in Media24.

MultiChoice Group is anticipated to list on the JSE in the first half of 2019, subject to the approval of the requisite regulatory authorities.

To update investors about this transaction, Naspers management will be hosting a conference call today at 18:00 SAT (16:00 GMT). Investors who would like to participate need to pre-register by visiting Naspers. MultiChoice Announcement ahead of the call. A replay will be made available and dial-in details are available on www.naspers.com.

Further details about the transaction are available at www.enhancingaccess.com

Cape Town

17 September 2018

Sponsor: Investec Bank Limited

Company contacts:

Meloy Horn

Head of Investor Relations

Naspers

+27 11 289 3320

+27 82 772 7123

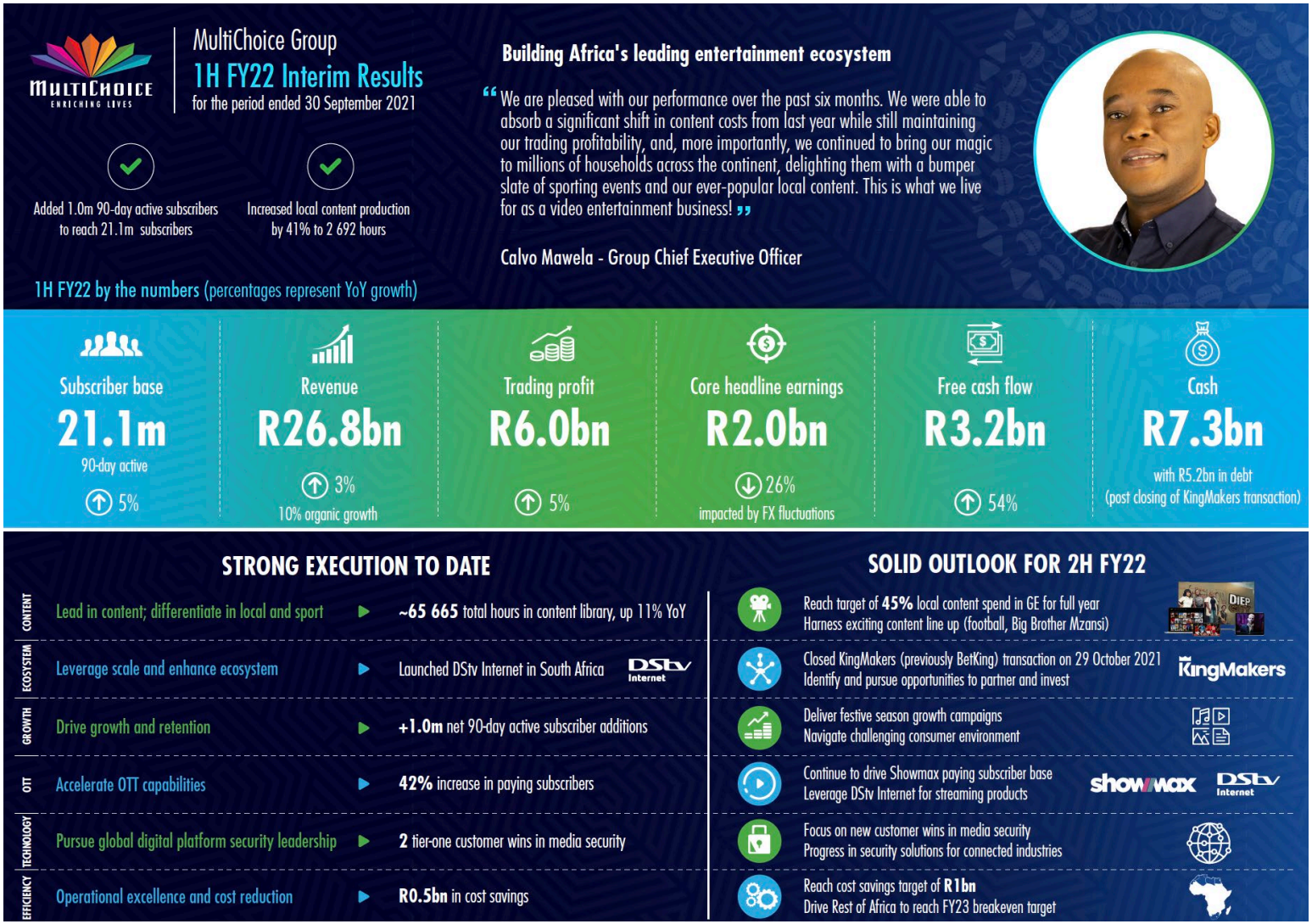
meloy.horn@naspers.com

About Naspers

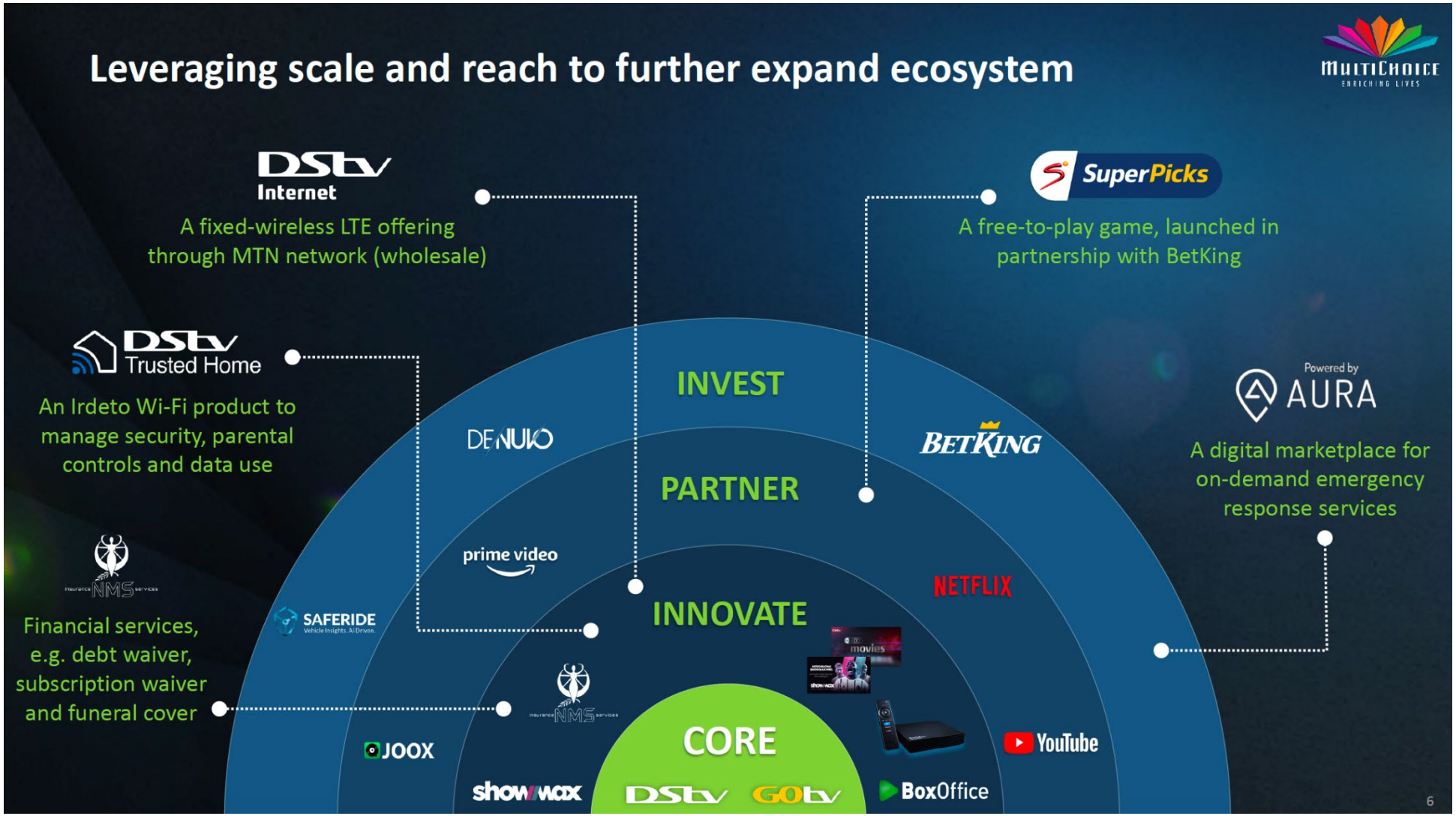
Founded in 1915, Naspers is a global internet and entertainment group and one of the largest technology investors in the world. Operating in more than 120 countries and markets with long-term growth potential, Naspers builds leading companies that empower people and enrich communities. It runs some of the world's leading platforms in internet, video entertainment, and media.

Naspers companies connect people to each other and the wider world, help people improve their daily lives, and entertain audiences with the best of local and global content. Every day, millions of people use the products and services of companies that Naspers has invested in, acquired or built, including Avito, Brainly, Codecademy, eMAG, ibibo, iFood, letgo, Media24, Movile, MultiChoice, OLX, PayU, Showmax, SimilarWeb, Swiggy, Twiggle, and Udemy. Similarly, hundreds of millions of people have made the platforms of its associates Tencent (www.tencent.com; SEHK 00700), Mail.ru (www.corp.mail.ru; LSE:MAIL), MakeMyTrip Limited (www.makemytrip.com; NASDAQ:MMYT), and Delivery Hero (www.deliveryhero.com; Xetra:DHER) a part of their daily lives. Naspers is listed on the Johannesburg Stock Exchange (NPN.SJ) and has an ADR listing on the London Stock Exchange (LSE: NPSN).

APPENDIX J – 1H FY22 Interim Results



APPENDIX K – Strategy


Leveraging scale and reach to further expand ecosystem
MultiChoice
ENRICHING LIVES
DStv Internet
A fixed-wireless LTE offering through MTN network (wholesale)
SuperPicks
A free-to-play game, launched in partnership with BetKing
DStv Trusted Home
An Irdeto Wi-Fi product to manage security, parental controls and data use
Powered by AURA
A digital marketplace for on-demand emergency response services
Financial services, e.g. debt waiver, subscription waiver and funeral cover
INVEST
PARTNER
INNOVATE
CORE
DENUVO
BETKING
prime video
NETFLIX
SAFERIDE
Vehicle Insights. AI Driven.
JOOX
showmax
DStv
GOtv
BoxOffice
YouTube
6

APPENDIX L – Connected Video: gaining market share and local content viewership

Connected Video: gaining market share and local content viewership

MultiChoice ENRICHING LIVES

Drive growth and retention

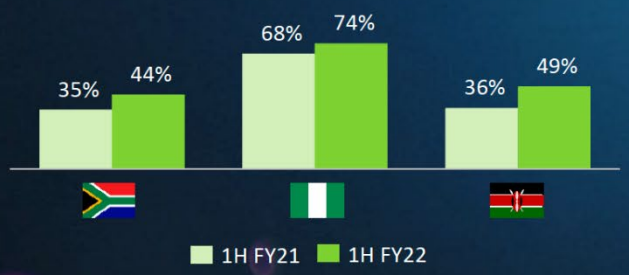
+33% YoY
monthly active users(1)

+42% YoY
paying subscribers(2)

- **Gained 3% market share** since Dec 2020
- **4 new markets** adopted localised pricing, bringing the total to 9
- **18% growth** in "Add to Bill" customers driven by RoA rollout in FY21

Differentiate with local content

- Increasing local content viewership %



- Local content an important attraction
  - 9 /10 first viewed titles in SA are local
  - similar trends in other markets

Enhance platform and UX

- **Clicks-to-views +93% YoY** due to improved personalised recommendation engine
- **36% improvement** in conversion of search queries to viewing due to enhanced search functionality
- **29% improvement** in rebuffering YTD
- **Enhanced ease of payment** through partnerships with Cellulant, MTN Mobile Money, Mastercard etc.

showmax

(1) Measured as at 30 September YoY, relates to Showmax and DStv app, excludes free version of Showmax

(2) Measured as at 30 September YoY, relates to all paying customers including discounted DStv Add to Bill customers, excludes free to Premium customers

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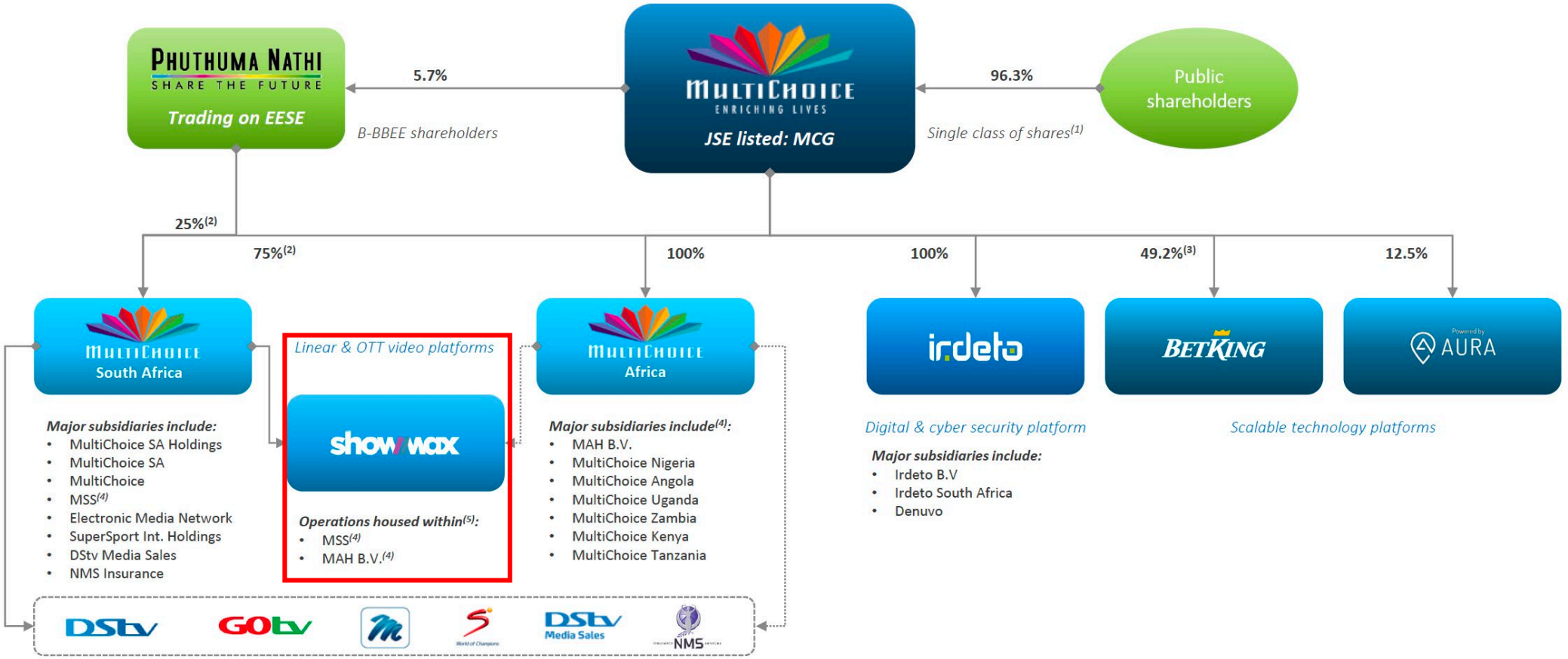
APPENDIX M – Organisational Group Structure

MCG group structure & ecosystem



(1) Foreign shareholder voting rights are capped at 20% by MCG's MOI in order to comply with the broadcasting licence requirements in South Africa under the Electronic Communications Act, 36 of 2005 (as amended)
(2) MCG's combined direct and indirect interest in MCSA is 76.8%, comprising of a 75.0% direct stake, a 1.4% indirect stake via PN, and a 0.4% indirect stake via the Enterprise Development Trust (which is consolidated) – PN shareholders own the remaining 23.2% of MCSA
(3) BetKing, now KingMakers at a holding company level, shareholding increased to 49.2% with effect from 29 October 2021
(4) MAH B.V. = MultiChoice Africa Holdings; MSS = MultiChoice Support Services
(5) Reported as part of the South Africa reporting segment in MCG's results (Note: organogram only depicts major group entities)