

**THE ANALYSIS OF THE DIFFUSION OF  
PERSONAL TELE-COMMUNICATIONS  
IN SOUTH AFRICA**

*by*

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# **The Analysis of the Diffusion of Personal Telecommunications in South Africa.**

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## **ABSTRACT**

The purpose of this study is to analyse the diffusion of personal telecommunications in South Africa.

The importance of this field of study lies in the fact that it illustrates how innovation, particularly in the field of personal telecommunications, can be diffused and managed. It highlights the way diffusion occurs particularly through networks and linkages in industry and by way of the different role players, i.e. suppliers, service providers and customers.

The method used was that of reading extensive literature in order to understand theories and design questionnaires/interviews, which were then administered to main players in the industry. This report contains the findings of these questionnaires and interviews.

The researcher considers the most important finding of this study to be that diffusion cannot occur without knowledge and communication, and collaboration between role players. The author also shows that diffusion of an innovation, if managed properly, can be a great economic booster in any country.

The author says that the interactions of the main leaders in the industry show that the cellular industry in South Africa is highly collaborative. All players in this industry, namely suppliers, service providers and retailers, work together to reach a common goal. There is space for the suppliers to compete at supplier level, leaving room for service providers to compete at their level and giving the retailers space to compete at retailer level.





According to the leaders in this industry, the most effective diffusion mechanisms are clusters, newspaper advertising, collaboration, price, corporate culture, industry structure, joint venture, partnership and radio advertising. Diffusion in this industry is achieved by working together, from the supplier through the service provider to the retailer, then from the retailer to the end-user. This diffusion process has to be managed. Management of this industry is both vertical and horizontal. The industry requires management that is knowledgeable at all levels and with strong links and interrelationships. In an industry of this nature, management is often challenged with risk. Risk management is important in this industry and this is usually achieved by spreading the risk across the players, so that everybody understands their stake and is willing to share responsibility.

The following conclusions about the South African cellular industry can be reached.

It is an industry that has shown rapid growth. The main driving force behind this rapid growth is the cost of airtime and the price of the handsets. The pre-paid scheme does not require subscribers to be creditworthy to be mobile. One does not have to enter into a contract with the service providers and earn a monthly salary in a certain bracket to be able to be connected.

Another contributing factor is the ease with which subscribers can get cellular phones and airtime vouchers. The accessibility of these facilities has contributed to the increase of the subscriber base, and the cash-and-carry phenomenon with no strings attached, has worked magic for the South African industry.

The author also concludes that the service providers are controlling the industry. The reason is that the service providers operate as a hub or central point in the industry. They control the link between the suppliers and the end users. The service providers have set up retailers to sell airtime and the hardware (cell phones) to the end users. The retailers have to work through the service providers to purchase the hardware from the suppliers. Competition in this industry is thus both horizontal and vertical and is bounded. The suppliers have a dedicated market of supplying equipment in which they compete at supplier level and through the retailers, at retail level. The service providers compete, at the level of service providers, with services they offer and again at the level of retailers.







This whole diffusion process is managed from the development of the product to the use of the product and service. The different levels of the industry all have to be managed: the suppliers, service providers, retailers and end users. At each level an integrative type of management has to be administered, ensuring that all the interrelationships of the industry are maintained and strengthened from time to time, both vertically and horizontally. SATRA is the regulatory body who regulates competition and administers regulation and legislation within the industry.

Since the industry is flourishing, one can conclude that the diffusion of personal telecommunications is well managed by the telecommunications industry in South Africa.





## **“Die Analise van die diffusieproses in persoonlike telekommunikasie in Suid-Afrika”**

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### **OPSOMMING**

Die doel van hierdie studie was die analise van die diffusieproses in persoonlike telekommunikasie in Suid-Afrika.

Die belangrikheid van hierdie navorsing lê in die feit dat dit illustreer hoedat innovasie, veral in die veld van persoonlike telekommunikasie, diffundeer en bestuur kan word. Dit beklemtoon hoedanig diffusie plaasvind deur middel van netwerke en industriekoppeling, deur middel van die verskillende rolspelers, naamlik toerustingverskaffers, diensverskaffers en gebruikers.

Die metode waarvolgens te werk gegaan is, was eerstens ‘n uitgebreide literatuursoektog wat daarop gemik was om die teorieë te begryp en dit het aanleiding gegee tot die samestelling van vraelyste en onderhoude met die verskillende rolspelers in die industrie. Hierdie verslag bevat die bevindinge van die vraelyste en onderhoude.

Die navorser beskou die belangrikste bevinding van hierdie verslag dat diffusie nie kan plaasvind sonder kennis en kommunikasie, asook samewerking tussen die rolspelers nie. Verder dat diffusie van ‘n innovasie ‘n inspuiting in ‘n land se ekonomie kan wees mits dit behoorlik bestuur word.

Die skrywer is van mening dat interaksies van die hoof rolspelers in die industrie wys dat die sellulêre industrie in Suid-Afrika hoogs samewerkend is. Al die rolspelers, naamlik toerustingverskaffers, diensverskaffers en handelaars werk saam ter bereiking van ‘n gesamentlike doel. Hulle laat ruimte vir die toerustingverskaffers om op daardie vlak te werk en dieselfde geld vir diensverskaffers en handelaars.





Volgens leiers in die industrie is die effektiëfste diffusie meganismes groeperinge, koerant advertensies, samewerking, prys, korporatiewe kultuur, industrie struktuur, vennootskappe en radio advertensies. Diffusie in hierdie industrie word bereik deur samewerking tussen toerustingverskaffer, deur die diensverskaffer tot by die handelaar en vandaar na die eindgebruiker.

Hierdie diffusie proses moet bestuur word beide vertikaal en horisontaal. Kundiges wat kennis dra van die industrie en ook vertrou is met die verskillende vlakke en daarby sterk bande en verhoudings het in die industrie is belangrik. Bestuur in 'n industrie van hierdie aard moet dikwels met risiko's rekening hou omrede daar meer as een rolspeler is.

Risikobestuur is belangrik in hierdie industrie en dit word gewoonlik bereik deur die risiko te versprei onder die rolspelers sodat elkeen hulle aandeel besef en verstaan en daarom die verantwoordelikheid deel.

Die volgende gevolgtrekkings oor die Suid-Afrikaanse sellulêre industrie word gemaak: Dit is 'n industrie wat geweldige groei beleef het. Die dryfkrag agter die snelle groei is die koste van lugtyd en die prys van handstelle. Die voorafbetalingstelsel vereis nie dat gebruikers kredietwaardig moet wees om mobiel te wees nie. 'n Individueel hoef nie 'n kontrak aan te gaan met die diensverskaffer nie en hoef ook nie 'n minimum maandelikse salaris te verdien om gekoppel te word nie.

'n Ander bydraende faktor is die gemak waarmee intekenare sellulêre fone kan bekom tesame met lugtyd koepons. Die toeganklikheid van hierdie fasiliteite het bygedra tot die toename in intekenare en omrede daar min rompslomp is het dit 'n bloeitydperk vir die industrie teweeg gebring.

Ten slotte meen die skrywer dat diensverskaffers die industrie beheer aangesien hulle die sentrale punt in die industrie bekleef. Hulle beheer die skakel tussen toerustingverskaffers en eind-gebruikers. Die diensverskaffers het handelaars gevestig wat lugtyd en hardeware [selfone] verkoop aan die eind-gebruikers. Handelaars moet deur die diensverskaffers werk om sellulêre fone te bekom vanaf die toerusting-verskaffers. Kompetisie is dus beide horisontaal en vertikaal en is begrens. Die toerustingverskaffers het 'n toegewyde mark om toerusting te verskaf en ding mee op die vlak van diensverskaffers en deur die handelaars op hulle vlak. Die diensverskaffers ding mee op hulle vlak, en deur die dienste wat hulle aanbied, ook op die handelaarsvlak.







Die totale diffusie proses word bestuur vanaf die ontwikkelings van die produk tot by die uiteindelijke gebruik van die toerustingsproduk en die diens wat verskaf word. Al die vlakke van die industrie moet beheer en bestuur word; die toerustingverskaffers, diensverskaffers, handelaars en eindgebruikers. By elke vlak moet 'n geïntegreerde bestuursplan in werking gestel word om te verseker dat die interafhanklike verhouding tussen rolspelers in stand gehou word en beide horisontaal en vertikaal versterk word. SATRA is die regulerende organisasie wat kyk na kompetisie en wat wetgewing en regulasies in hierdie industrie administreer.

Aangesien die industrie tans floreer kan mens met tereg sê dat die diffusie van persoonlike telekommunikasie in die telekommunikasie industrie van Suid-Afrika goed bestuur word.





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