

REVENUE STREAMS FOR MUSIC CREATORS IN SOUTH AFRICA

2022

US\$ VERSION

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Introduction

The African music industry continues to be affected by a lack of reliable information.



Without reliable information, including statistics and industry intelligence tools, music creators will always struggle to make informed decisions and to fully monetise their works. Responding to this challenge, the Music In Africa Foundation (MIAF) launched the pilot phase of the Revenue Streams for African Musicians (RSFAM) project in South Africa in 2020.

The RSFAM project is a multifaceted initiative aimed at empowering African music professionals with information, training and tools to maximise their earning potential. Another key goal of the RSFAM project is to advocate for improved legislation in the music industry against the backdrop of a rapidly-changing operational environment for music creators.

This report comes at the end of the pilot phase of the RSFAM project. It provides a summary of findings from nationwide research conducted by the Foundation in South Africa in 2021. Potentially the biggest of its kind in South Africa to date, the study interviewed 3 000 musicians from all the nine provinces of South Africa, namely Eastern Cape, Free State, Gauteng, KwaZulu-Natal, Limpopo, Mpumalanga, Northern Cape, North West and Western Cape.

The main goal of this report is to highlight the revenue streams that work for music creators in South Africa. We hope that this report will be useful in guiding music creators and the industry at large to make informed decisions, adopt new revenue streams, expand earning capacities and become more self-sustainable.

Acknowledgements

The MIAF would like to acknowledge the support of our partners in this project: the International Fund for Cultural Diversity (IFCD) from UNESCO, the Siemens Cents4Sense Programme, the Goethe-Institut, the National Arts Council of South Africa and Kaya FM. We would like to thank all staff, committee and board members of the Foundation, for working tirelessly to make this project a success. We thank all the musicians who participated in the surveys. More importantly, the Foundation acknowledges the invaluable contributions of the field researchers, who worked bravely across the country in the midst of the COVID-19 pandemic. The details of the research team are provided on page 31.

Eddie Hatitye
Director – MIAF

Methodology

There are many ways in which music creators can generate income. Before the data collection process began, a cluster of music industry experts based in South Africa worked together to map the key music revenue taxonomies relevant in the country. The revenue streams explored in this study were grouped into the following broad categories:



Live performance revenue

Fees paid to performers as compensation for live performances.



Services revenue

Revenue that music creators generate from rendering specific services. For example, teaching, session work fees and producer fees.



Grants and funding revenue

All grants or funding revenues that music creators receive from the government, NGOs and other parties.



Brand-related revenue

Income generated from the artist's personal brand. For example, product endorsements and merchandise sales.



Music rights revenue

Royalties collected through performances, broadcasting, publishing, record labels, etc.

The RSFAM study identifies the key revenue streams that are viable in the South African music industry by looking at their respective contributions to overall earnings across the country.

The information presented in this study was collected from music creators across the nine provinces of South Africa between 1 May 2021 and 30 September 2021. Interviews were carried out amongst a demographically representative sample of music creators in the Eastern Cape, Free State, Gauteng, KwaZulu-Natal, Limpopo, Mpumalanga, Northern Cape, North West and Western Cape. For the purpose of this study, mixed method designs were used to ensure that the sample was representative of the earning trends of music creators from the top-tier, middle-tier and grassroots levels.

Data was collected in multiple ways, including face-to-face interviews, virtual interviews and telephonic interviews. An online survey was also used for participants who could not be reached by field researchers. In total, 3 000 music creators participated in the survey. During the analysis phase, data was cleaned and data from 2 881 surveys was used.

COVID-19 presented a challenge to this study, as earning trends were heavily impacted by the pandemic and its related social restrictions. We acknowledge that this may have an impact on the usual earning trends of musicians. However, all participants were made aware that they had to provide information on income trends over a 24-month period, including earnings prior to the pandemic.

OVERVIEW OF EARNINGS

\$658

PER MONTH

is the average revenue an active South African music creator earns.

\$9 422 799

PER MONTH

is the total revenue reported by participants across all streams.

Cumulative monthly revenues

25%

\$2 362 747

SERVICES

19%

\$1 774 523

MUSIC RIGHTS

16%

\$1 494 372

GRANTS AND FUNDING

30%

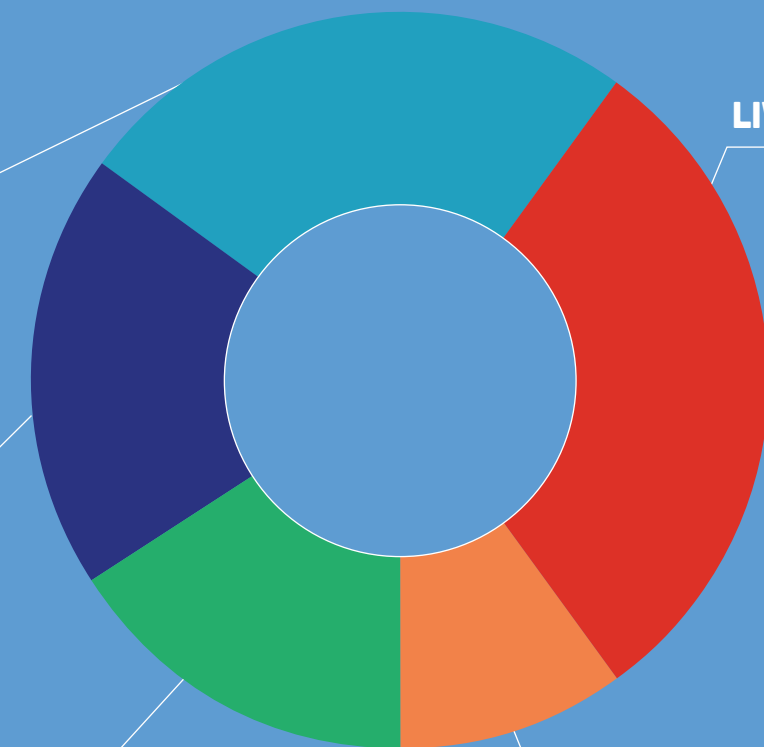
\$2 810 296

LIVE PERFORMANCE

10%

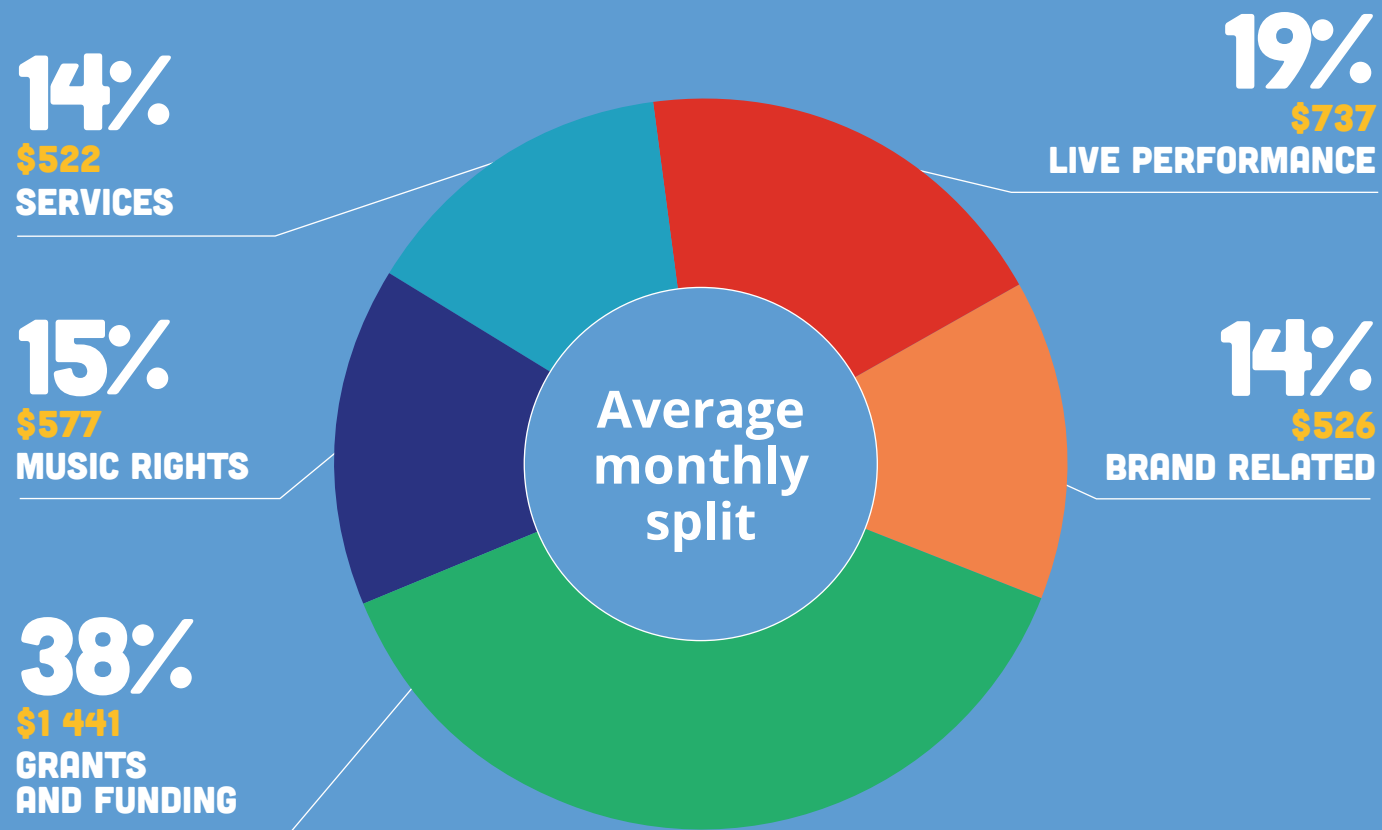
\$980 861

BRAND-RELATED



Average monthly revenues

When considering average monthly income in each revenue category, the highest figures appear in Grants and Funding. This stream's average monthly income accounts for 38% of total average monthly revenue, followed by Live Performance revenue at 19%. Brand-related revenue and Services revenue are similar, with each constituting 14% of total monthly earnings, while Music Rights revenue accounts for 15%.



The viability of grants and funding as an income stream suggests that music creators must develop fundraising strategies.



LIVE PERFORMANCE REVENUE



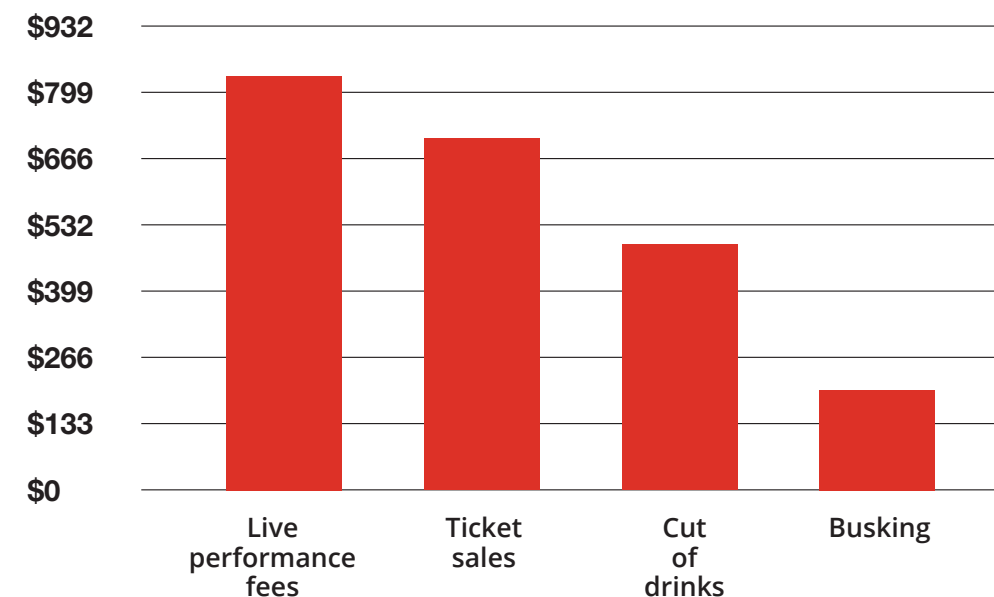
\$2 810 296

PER MONTH

is the total live performance revenue reported by participants.

The Live Performance category includes four key earning possibilities: ticket sales revenue, live performance fees, revenue from splits on drink sales and busking. Live performance fees paid directly to creators offer the biggest average monthly revenue contribution, at \$825. Ticket sales have an average of \$715, while revenue derived from a percentage of drink sales amounts to an average of \$494. The smallest revenue generator in this category is busking, at a monthly average of \$176.

Average monthly incomes



Live performance revenue breakdown

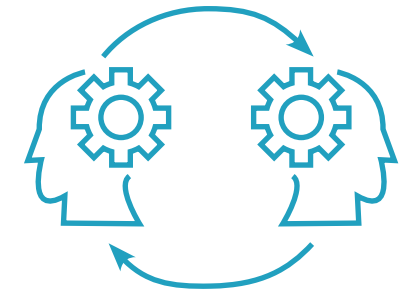
	MONTHLY TOTAL	MONTHLY AVERAGE
Live performance fees	\$1 853 763	\$825
Ticket sales	\$ 800 950	\$715
Cut of drinks	\$ 120 141	\$494
Busking	\$ 35 443	\$176

\$2 362 747

PER MONTH

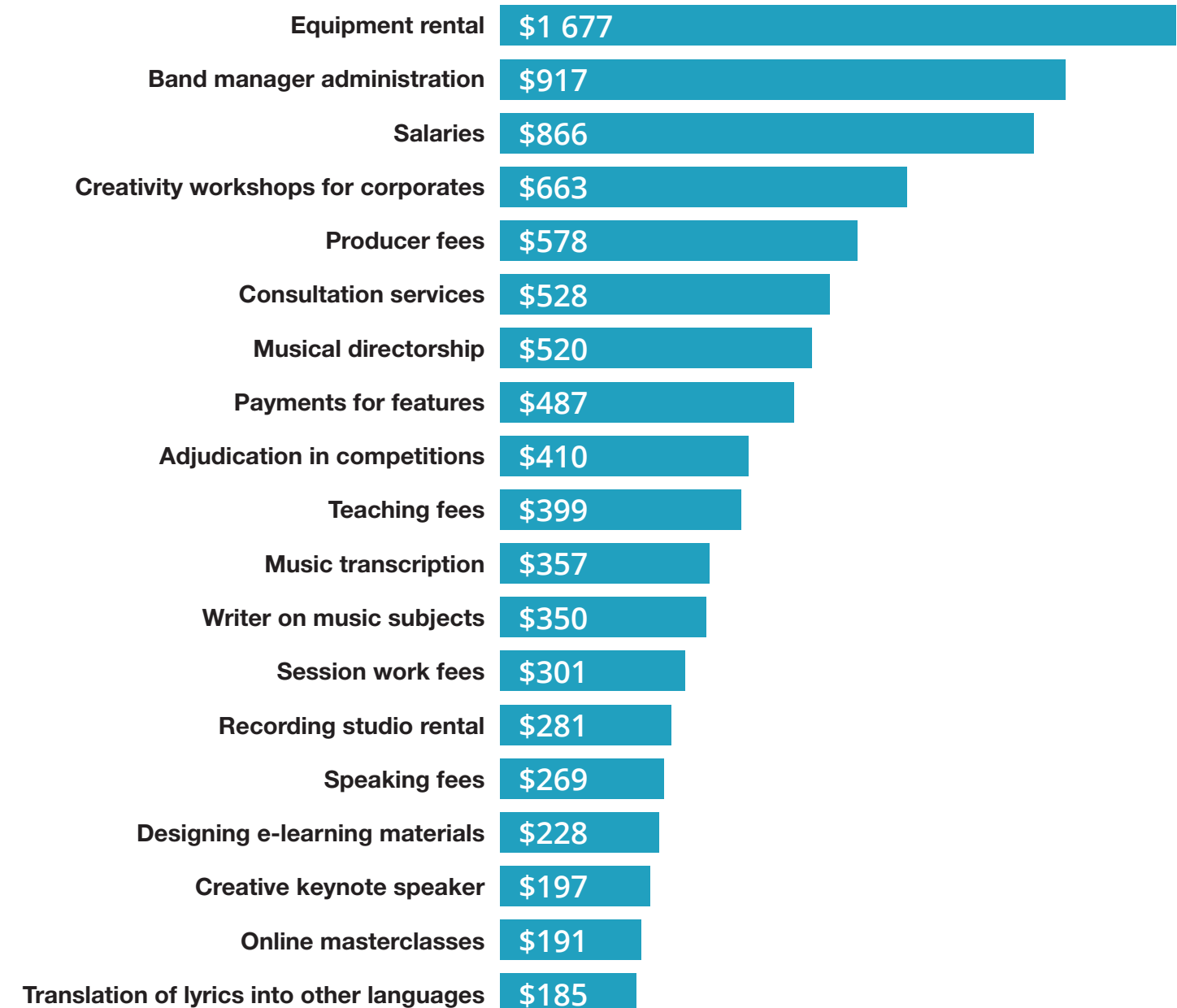
is the total services revenue reported by participants.

SERVICES REVENUE



The Services category is the broadest, with a total of 19 key revenue-generating possibilities. The top revenue stream within this category was equipment rental, with an average income of \$1 677 a month. The lowest-earning revenue stream within this category was translation of lyrics into another language, at an average monthly earning rate of \$185.

Average monthly incomes

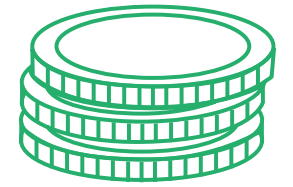


Services revenue breakdown

	MONTHLY TOTAL	MONTHLY AVERAGE
Equipment rental	\$397 463	\$1 677
Band management/administration	\$199 913	\$ 917
Salaries	\$144 668	\$ 866
Creativity workshops for corporates	\$ 84 232	\$ 663
Producer fees	\$350 438	\$ 578
Consultation services	\$ 94 981	\$ 528
Musical directorship	\$161 807	\$ 520
Payments for features	\$251 064	\$ 487
Adjudication in competitions	\$ 50 053	\$ 410
Teaching fees	\$135 150	\$ 399
Music transcription	\$ 38 938	\$ 357
Writer on music subjects	\$ 56 276	\$ 350
Session work fees	\$213 924	\$ 301
Recording studio rental	\$121 572	\$ 281
Speaking fees	\$ 19 236	\$ 269
Designing e-learning materials	\$ 9 352	\$ 228
Creative keynote speaker	\$ 15 542	\$ 197
Online master classes	\$ 11 648	\$ 191
Translation of lyrics into other languages	\$ 6 490	\$ 185



Creators are successfully venturing into equipment hire.



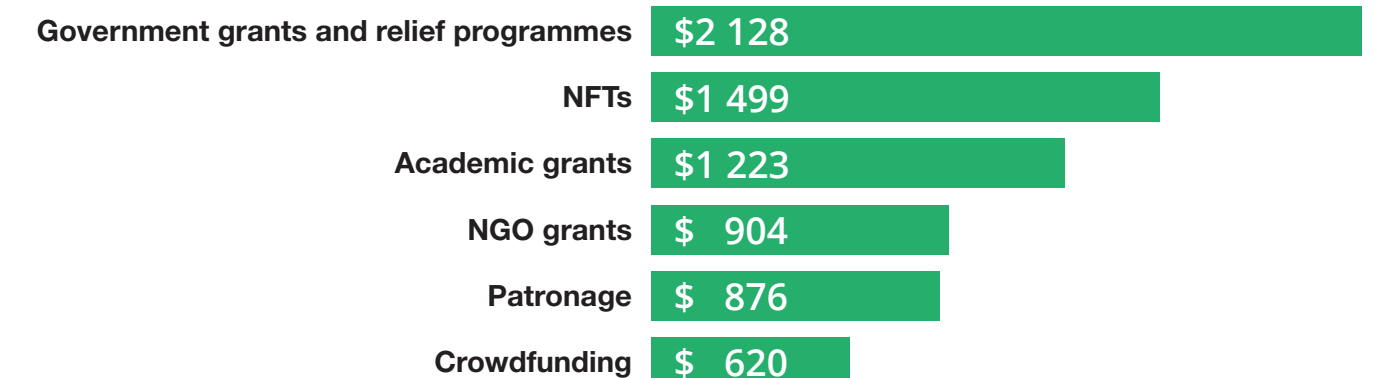
GRANTS AND FUNDING REVENUE

Six revenue streams were recorded within the Grants and Funding category, namely government grants and relief programmes, NGO grants, academic grants, patronage models, crowdfunding and non-fungible tokens (NFTs). Government grants and relief programmes had the highest average monthly revenues. Crowdfunding had the lowest.

\$1 494 372
PER MONTH

is the total grants and funding revenue reported by participants.

Average monthly incomes



Grants and Funding income breakdown

MUSIC RIGHTS	MONTHLY TOTAL	MONTHLY AVERAGE
Government grants and relief programmes	\$887 478	\$2 128
NFTs	\$151 391	\$1 499
Academic grants	\$132 088	\$1 223
NGO grants	\$178 115	\$ 904
Patronage	\$ 42 931	\$ 876
Crowdfunding	\$102 369	\$ 620



NFTs are increasingly being embraced by music creators in South Africa, and they are generating significant revenues.



BRAND-RELATED REVENUE

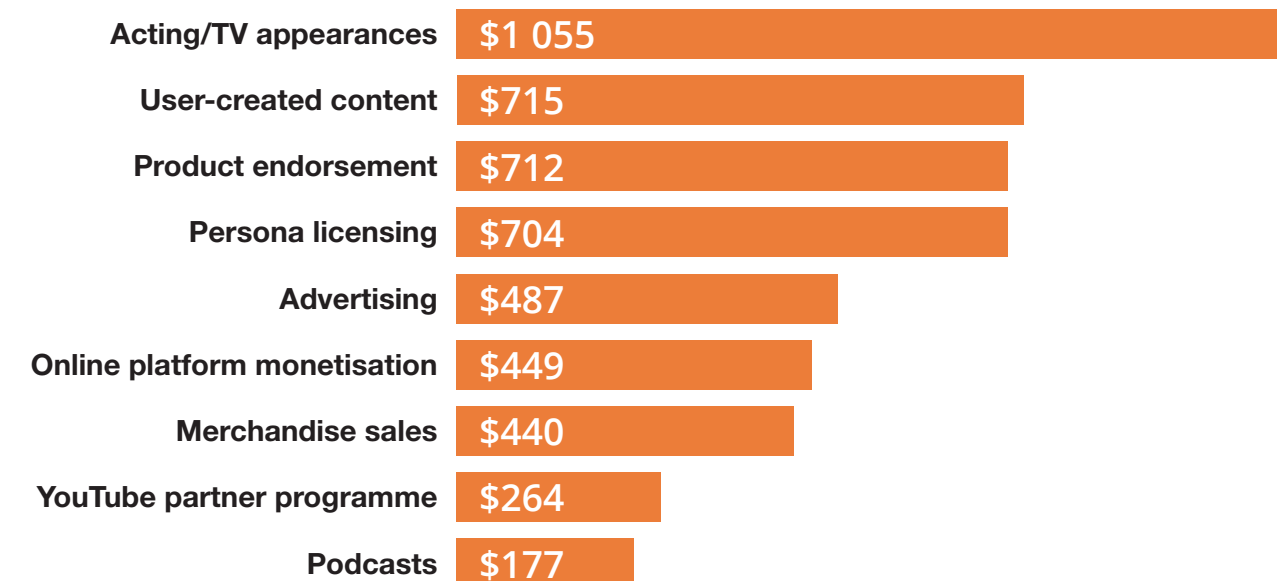


The Brand-related revenue category is broad, comprising nine earning opportunities. In terms of cumulative monthly income, merchandise sales generate the highest revenue for music creators in this category, at \$195 686 per month. However, acting or TV appearances attract the highest average income for music creators, with a reported average of \$1 055 per month. Podcasts currently attract the lowest average monthly revenue (\$177).

\$980 861
PER MONTH

is the total brand-related revenue reported by participants.

Average monthly incomes



Brand-related revenue breakdown

	MONTHLY TOTAL	MONTHLY AVERAGE
Acting/TV appearances	\$121 339	\$1 055
User-created content	\$127 895	\$ 715
Product endorsement	\$ 97 577	\$ 712
Persona licensing	\$131 023	\$ 704
Advertising	\$ 63 265	\$ 487
Online platform monetisation	\$181 775	\$ 449
Merchandise sale	\$195 686	\$ 440
YouTube partner programme	\$ 44 562	\$ 264
Podcasts	\$ 17 738	\$ 177



Acting or TV appearances are an increasingly viable revenue stream for music creators.

MUSIC RIGHTS REVENUE

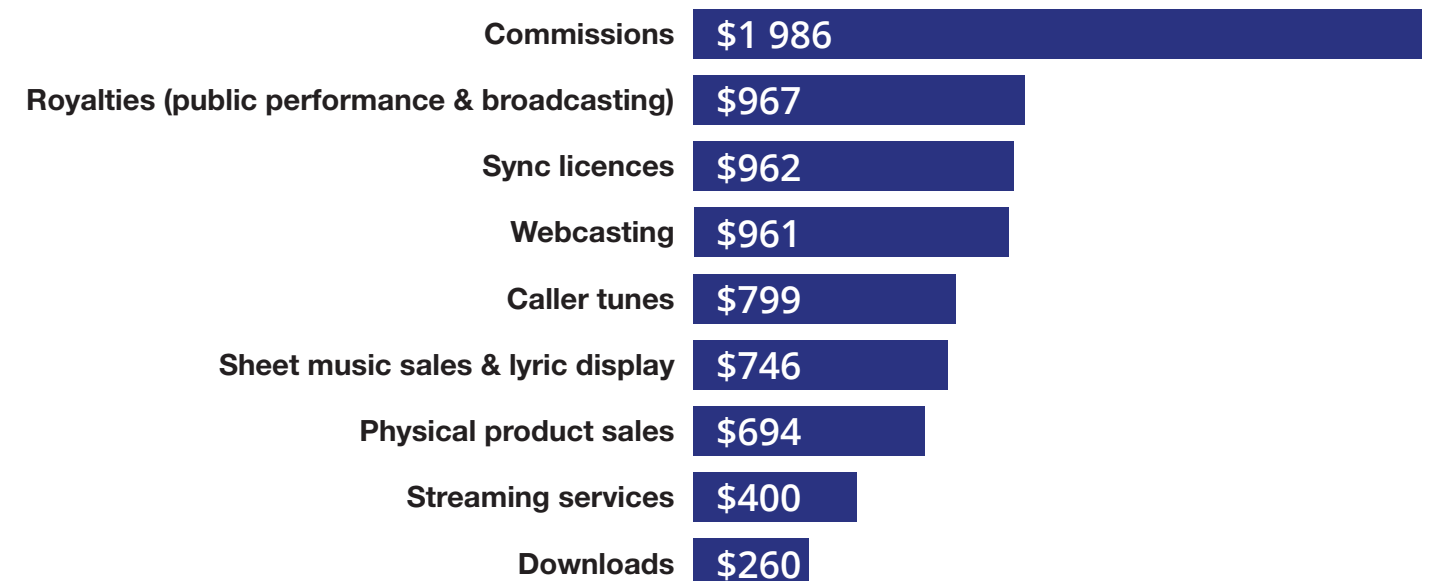


The Music Rights category comprises 10 revenue streams based on music royalty distribution models. Commissions are top in this category, with income recorded from participants amounting to a total of \$363 418 in a month and a monthly average of \$1 986. It is worth noting that revenue streams in this category are largely based on payment schedules set by Collective Management Organisations (CMOs) in South Africa. Therefore, income from Music Rights is ‘seasonal’ in nature.

\$1 774 523
PER MONTH

is the total brand-related revenue reported by participants.

Average monthly incomes



Music rights revenue breakdown

	MONTHLY TOTAL	MONTHLY AVERAGE
Commissions	\$363 418	\$1 986
Royalties (public performance & broadcasting)	\$465,388	\$ 967
Sync licences	\$112 553	\$ 962
Webcasting	\$ 57 641	\$ 961
Caller tunes	\$ 55 910	\$ 799
Sheet music sales & lyric display	\$ 54 446	\$ 746
Physical product sales	\$290 701	\$ 694
Streaming services	\$218 383	\$ 400
Downloads	\$156 083	\$ 260

**REVENUE
BREAKDOWN
BY PROVINCE**

Music creators are often under pressure to relocate to major cities as a way to maximise earning opportunities. This section details earning trends within the nine different provinces of South Africa.

It is important to note that the figures presented in this section do not necessarily imply that all reported revenues were earned in the province where the music creator is based, as artists based in KwaZulu-Natal can still earn income from Gauteng, etc. It does, however, indicate that artists can earn considerable income regardless of where they are based.

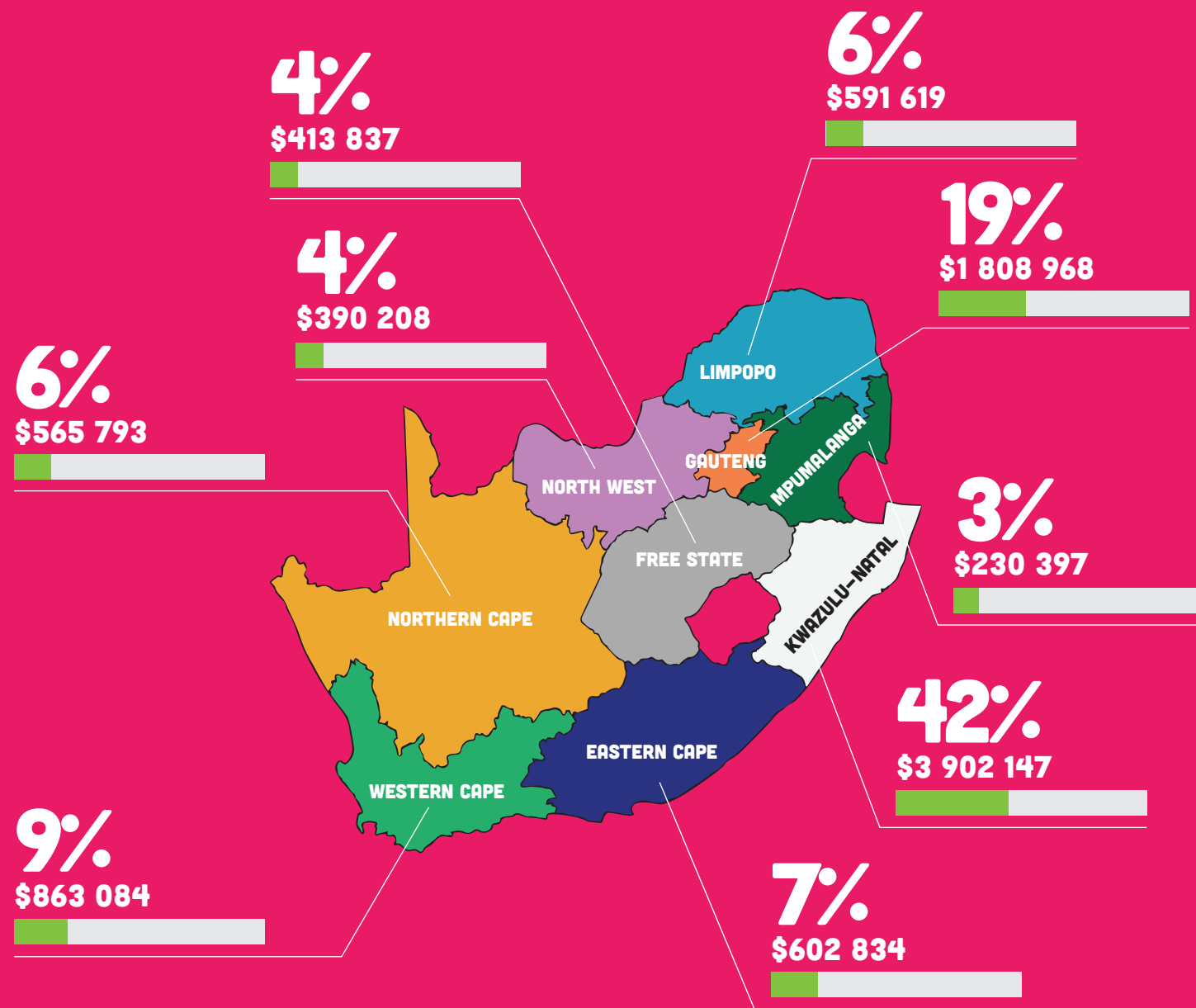
Musicians based in KwaZulu-Natal had the top Live Performance, Brand-related revenue and Music Rights average monthly earnings. Those based in the North West province reported the highest Services and Grants and Funding average monthly earnings. Surprisingly, musicians in Limpopo did not report any revenue in the Grants and Funding category.



**Music creators
in KwaZulu-Natal
reported the highest
income.**



Total provincial revenues (monthly)

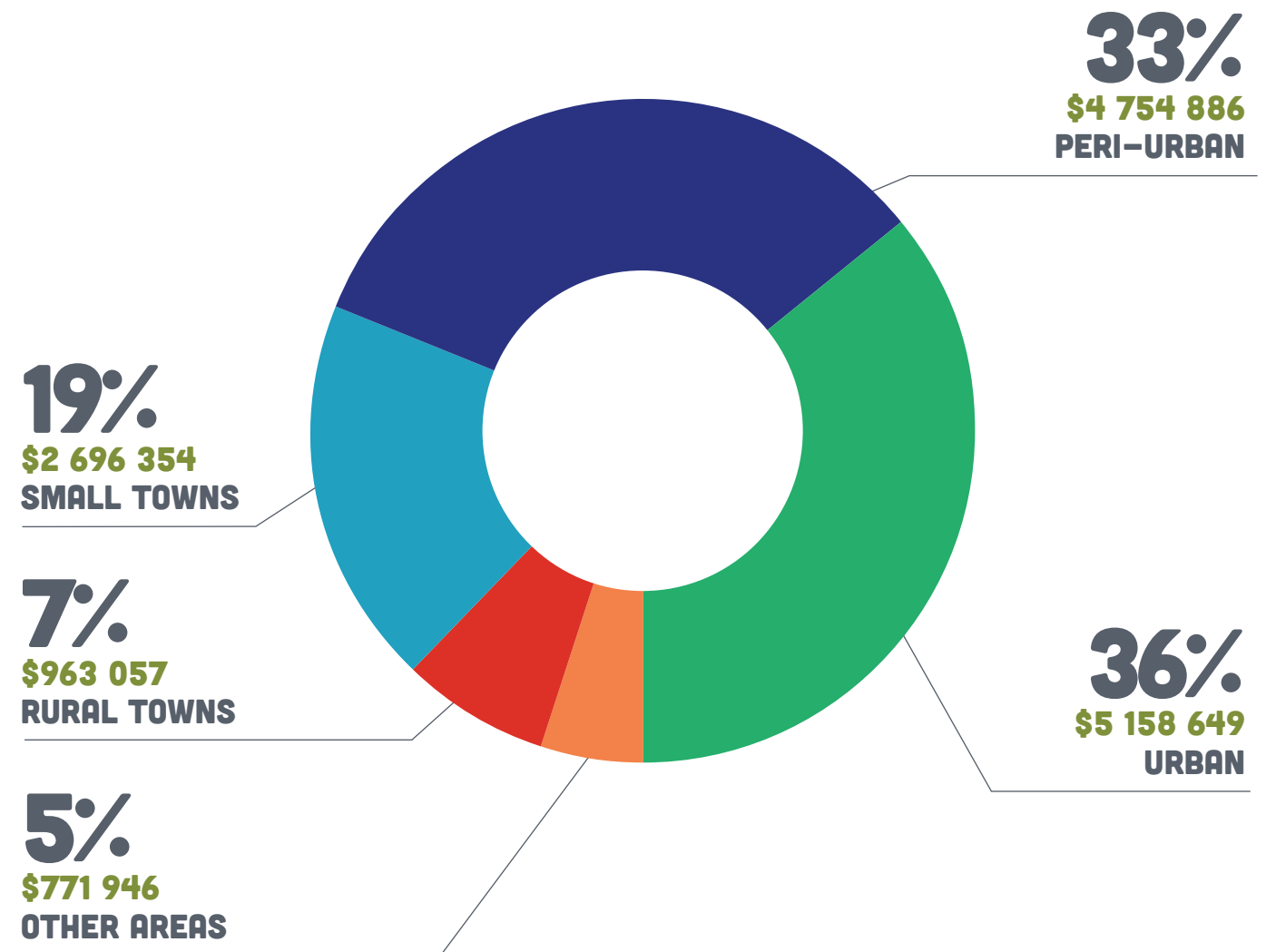


Artists can earn considerable income regardless of where they are based.

REVENUE BREAKDOWN BY WORK AREA

Reported revenue was also analysed in terms of the kinds of areas in which music creators work. Work areas were categorised into five main groups, namely urban, peri-urban, small towns, rural towns and other areas. While musicians made the highest total revenue in urban areas, this was largely due to a greater proportion of survey respondents working in those areas.

Cumulative revenues in different locations



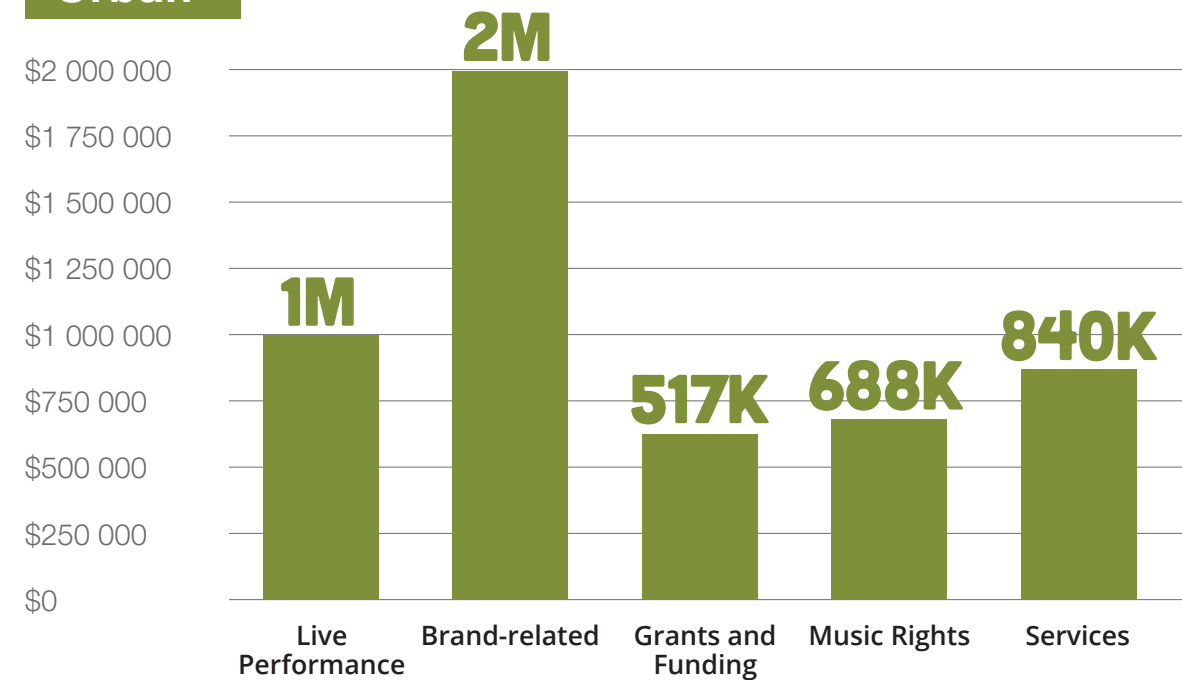
Work conducted in other areas brought the highest average monthly revenue for Live Performance and Services, while work carried out in rural towns generated the highest monthly average revenue in the Grants and Funding and Music Rights income streams. Lastly, work done in peri-urban settings produced the highest average monthly figure for Brand-related revenue.

	URBAN TOTAL	PERI-URBAN TOTAL	SMALL TOWN TOTAL	RURAL TOWN TOTAL	OTHER TOTAL
Live performance	\$1 242 212	\$ 514 678	\$ 219 321	\$ 91 520	\$142 530
Brand-related	\$1 872 185	\$3 035 211	\$1 797 212	\$469 647	\$370 365
Grants and funding	\$ 516 974	\$ 290 038	\$ 166 469	\$175 252	\$ 53 218
Music rights	\$ 687 085	\$ 467 271	\$ 163 674	\$126 531	\$ 68 482
Services	\$ 840 192	\$ 840 192	\$ 349 678	\$100 106	\$137 352

The highest cumulative revenues are generated in urban and peri-urban areas.

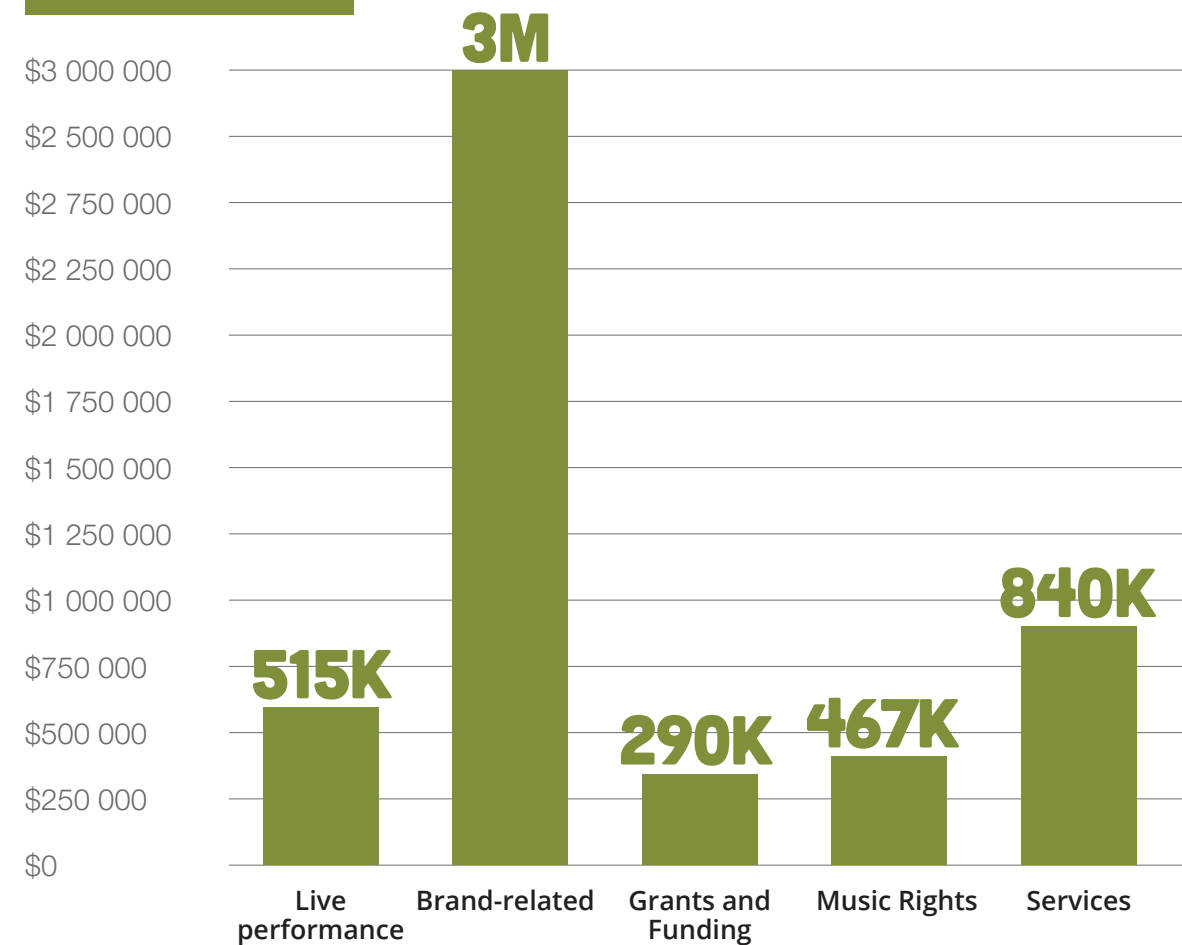


Urban

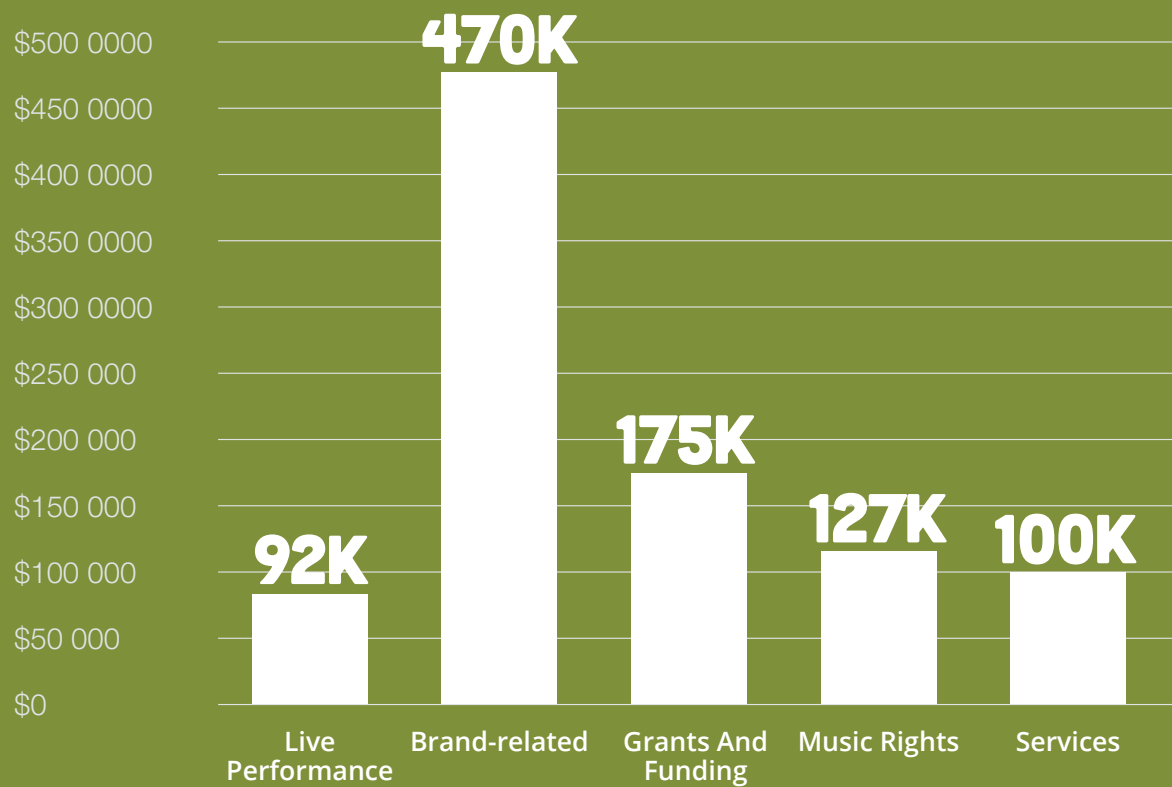


Live performances are considerably stronger in urban areas compared to other areas.

Peri-urban

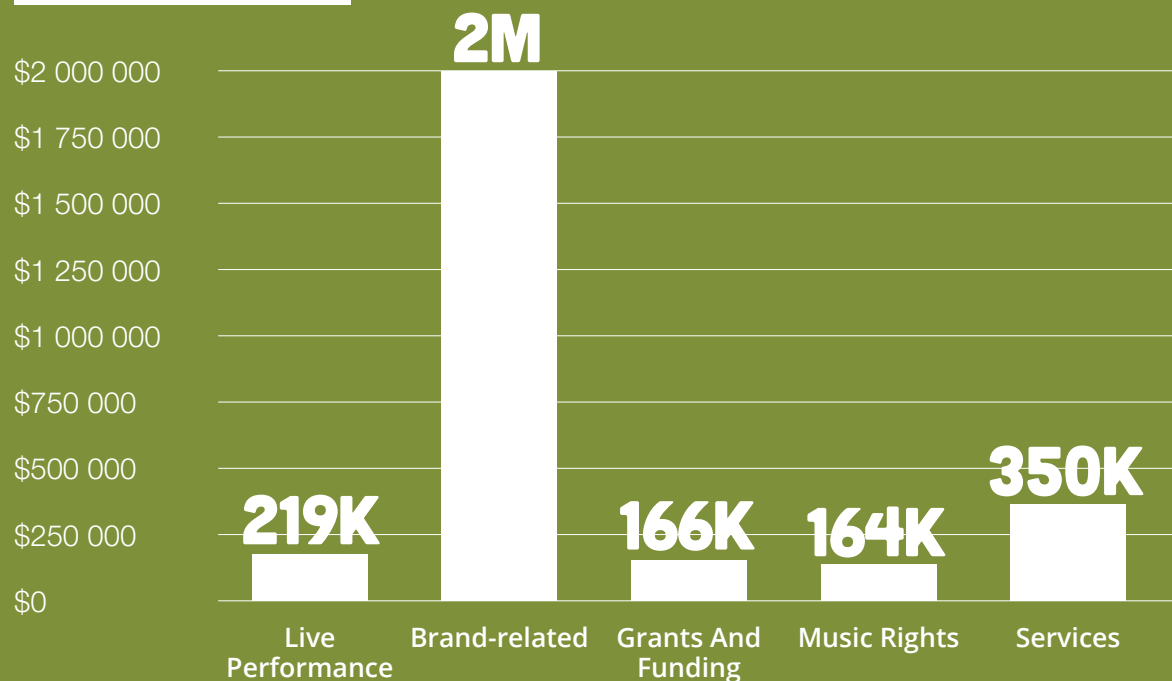


Rural towns



Unlike live performance streams, brand-related streams are high across all the working areas (urban, peri-urban, small towns, rural towns and other areas).

Small towns



REVENUE BREAKDOWN BY ROLE

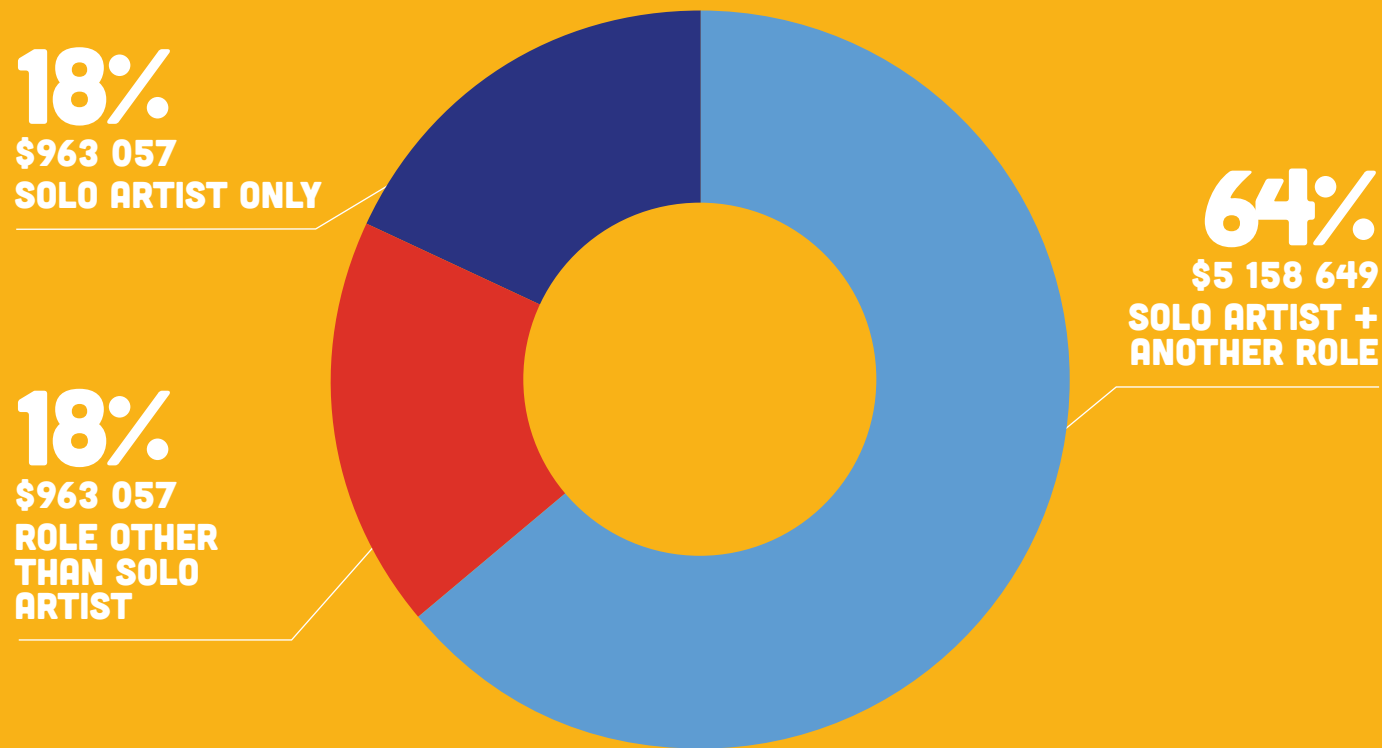
Music-maker roles consisted of five key categories: (i) solo artists, (ii) composers, arrangers/songwriters, (iii) choirs, orchestras and ensembles, (iv) bands/groups and (v) producers. Participants were able to select several roles simultaneously, with 36% of creators indicating that they worked as solo artists, 26% as composers, arrangers/songwriters and 14% as members of bands/groups. The remaining music-maker roles – producers, choirs, orchestras and ensembles, session artists and sound artists – comprised less than 10% of the total roles.

Solo artists generated the highest proportion of the average monthly revenue for all roles (48%), while choirs, orchestras and ensembles contributed the least (6%).

Contribution of roles to monthly income



Diversification of roles



Musicians must sometimes assume additional roles to maximise revenue.

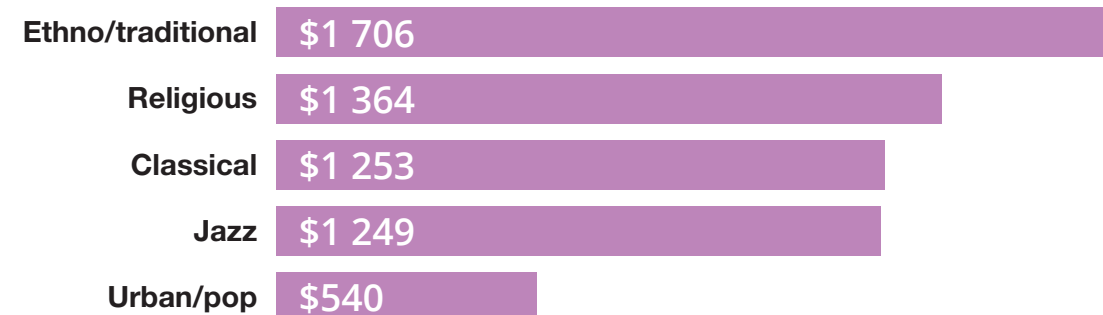
- Solo artists generate the highest Live Performance revenue on average per month, followed by choirs, orchestras and ensembles.
- For Brand-related revenue, the composer, arranger/songwriter role made the most per month, followed by the bands/groups role.
- The solo artist role realised the highest Services earnings per month, followed by the band/group role.
- For Grants and Funding revenue, the composer, arranger/songwriter role received the most revenue, followed by the solo artist role.
- The solo artist role generated the top average Music Rights revenue, followed by the composer, arranger/songwriter role.

REVENUE BREAKDOWN BY GENRE

Genres were grouped into five broad categories: (i) urban/pop, (ii) ethno-traditional, (iii) religious, (iv) jazz and (v) classical. Urban/pop had the highest representation by some distance (63%), followed by religious (17%), ethno-traditional (10%), jazz (7%) and classical (2%).

The ethno-traditional genre had the highest average monthly revenue of the various genres, while urban/pop had the lowest average monthly revenue. However, because the relative market size of the urban/pop genre is considerably bigger than the other genres, the total cumulative earnings were highest in this genre. Classical music had the smallest representation and the lowest total earnings.

Average monthly earnings reported



Earning by genre breakdown

GENRE	MONTHLY TOTAL	MONTHLY AVERAGE
Urban/pop	\$1 942 787	\$ 540
Religious	\$ 934 220	\$1 364
Ethno/traditional	\$ 964 172	\$1 706
Classical	\$ 210 529	\$1 253
Jazz	\$ 581 834	\$1 249

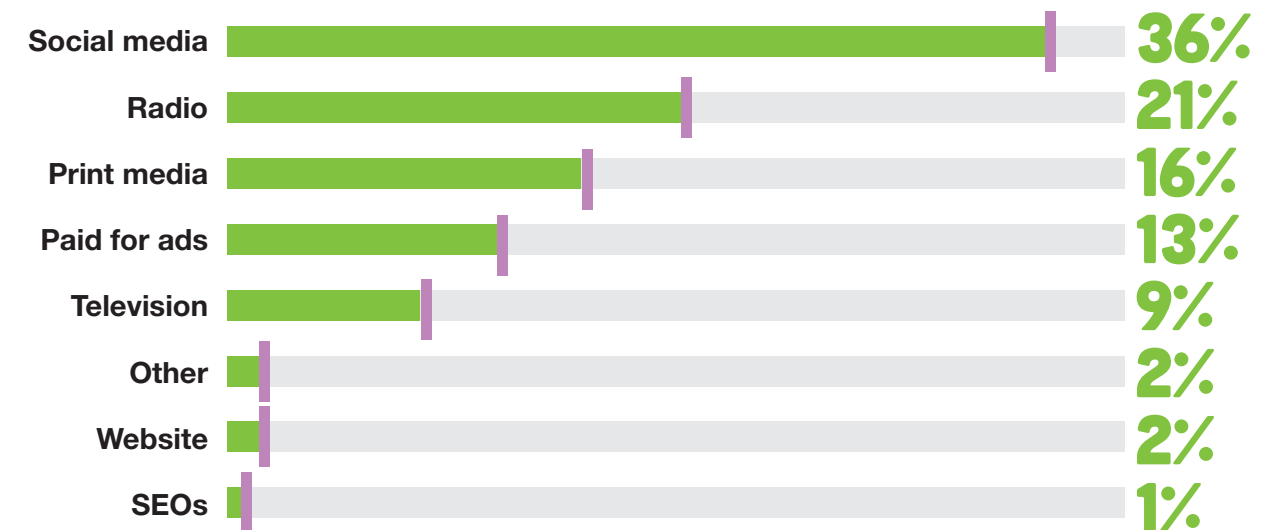
KEY TAKEAWAYS

- **Live Performance streams showed that urban/pop had the highest percentage of drink sale revenues.**
 - Classical music had the top ticket sales figures.
 - Ethno/traditional had the highest average live performance fee.
- **Within Brand-related streams, urban/pop had the top merchandise sales, acting and user-created content revenues.**
 - Religious music earned the highest persona licensing, YouTube partner programme and advertising revenues.
 - The ethno-traditional genre had the top product endorsement revenues.
 - Jazz had the highest podcast and online platform monetisation figures.
- **In the Services stream, urban/pop had the top figures for translating lyrics and designing e-learning materials.**
 - The religious genre witnessed the highest musical directorship, consultation service, creative keynote speaking and equipment rental revenues.
 - Ethno/traditional music earned the most revenue in the categories of session fees, creative workshops for corporates income, producer fees and band management.
 - Classical had the highest revenues for writing, music transcription, teaching, competition adjudication and salaries.
 - Jazz artists generated the top payments for features, speaking fees, recording studio rental and online masterclass revenue.
- **The Music Rights stream revealed that the urban/pop genre earned the most public performance royalties and caller tunes.**
 - The religious genre had the top broadcasting royalties, sync licences, commissions and downloads.
 - Jazz music generated the highest physical product sales, stream income and webcasting revenue.

KEY MARKETING CHANNELS

Social media is the most utilised marketing channel by music creators. It far exceeds all the other channels. Social media is followed by radio and print media. Websites and SEO services had the lowest usage levels.






Marketing channels used



AMOUNT EARNED VS TIME AND MONEY INVESTED

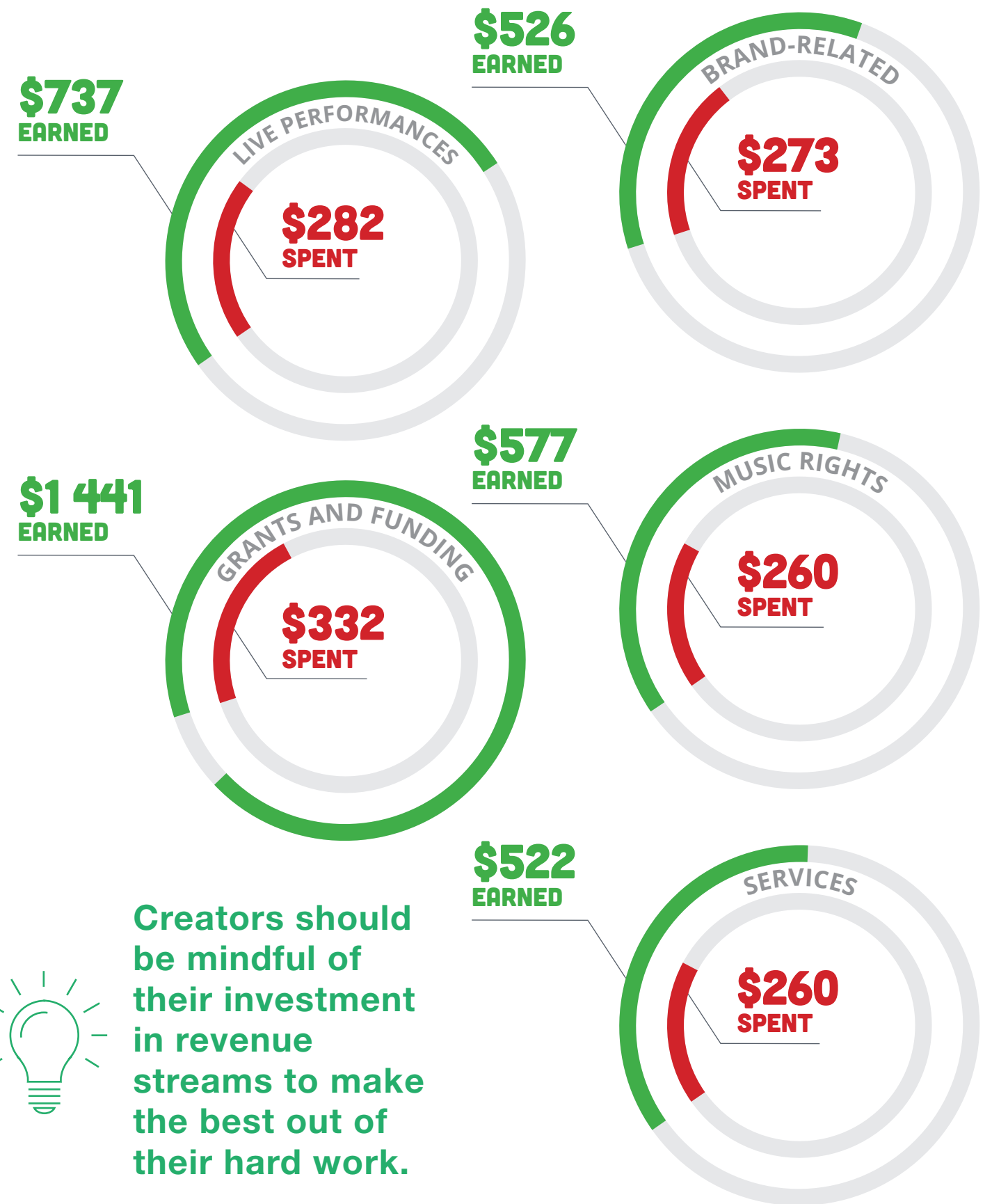
Music creators must consider that each revenue model requires some investment of time and money. Examples of investment costs include internet, fuel, expert fees, venue hire, marketing, printing, materials, etc.

Time investment

 <p>80 hours Average time spent on Live Performance endeavours per month.</p>	 <p>72 hours Average time spent on Services per month.</p>
 <p>80 hours Average time spent on Brand-related revenue tasks per month.</p>	 <p>64 hours Average time spent on Music Rights tasks per month.</p>
 <p>80 hours Average time spent on Grants and Funding applications per month.</p>	

Revenue vs financial investment

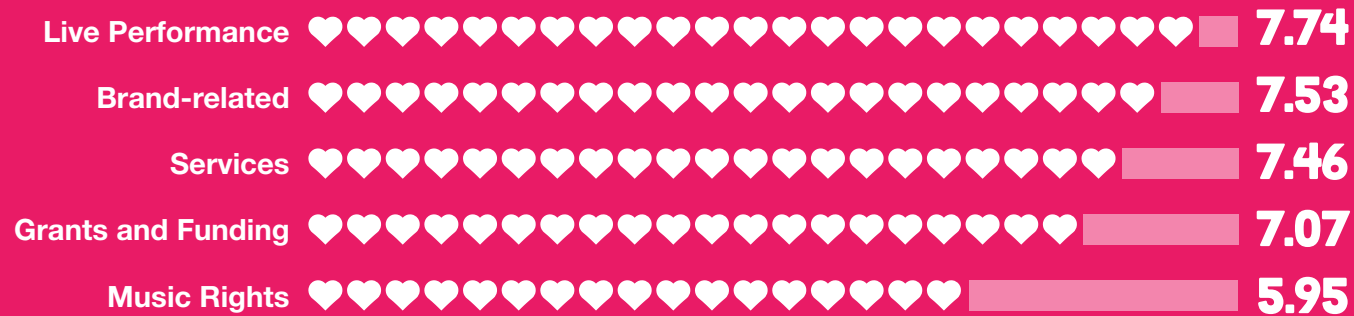
The average monthly revenue earned in each category is presented below alongside the average amount of money music creators invested in each revenue stream.



LOYALTY TO REVENUE STREAMS

As a way to identify the revenue streams that will likely dominate the local music industry in the next few years, music creators were asked to pick the revenues streams they will stick to regardless of the results. The scores (out of 10) are presented below.

Loyalty scores

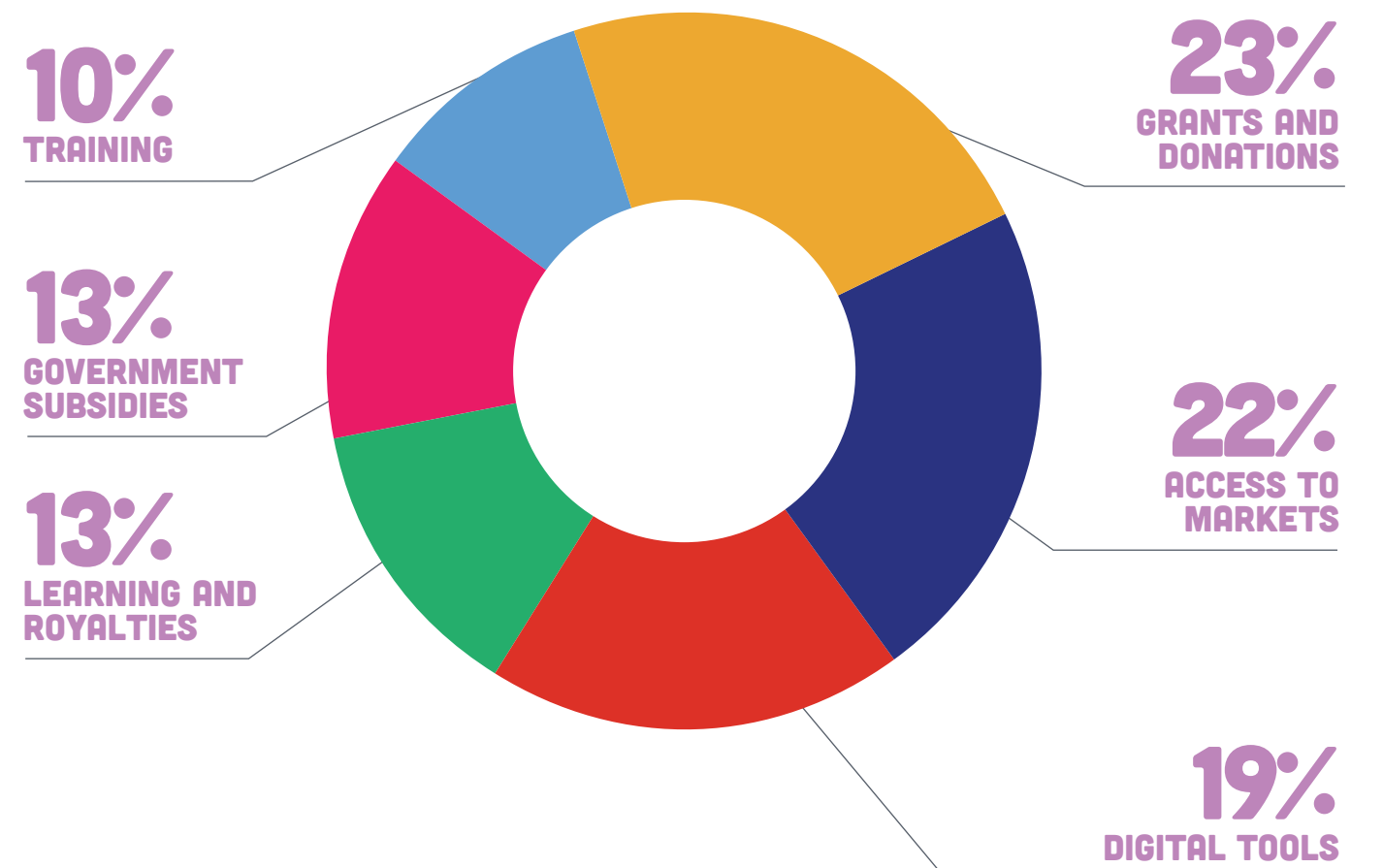


Findings demonstrate that South African music creators have the strongest allegiance to live performance revenue streams. They are least interested in IP or music rights streams.

SUPPORT REQUESTED

Music creators were asked to pick the topics with which they required the most support. The topic that was most requested was grants and donations, followed very closely by access to markets and digital tools, then royalties, government subsidies and training.

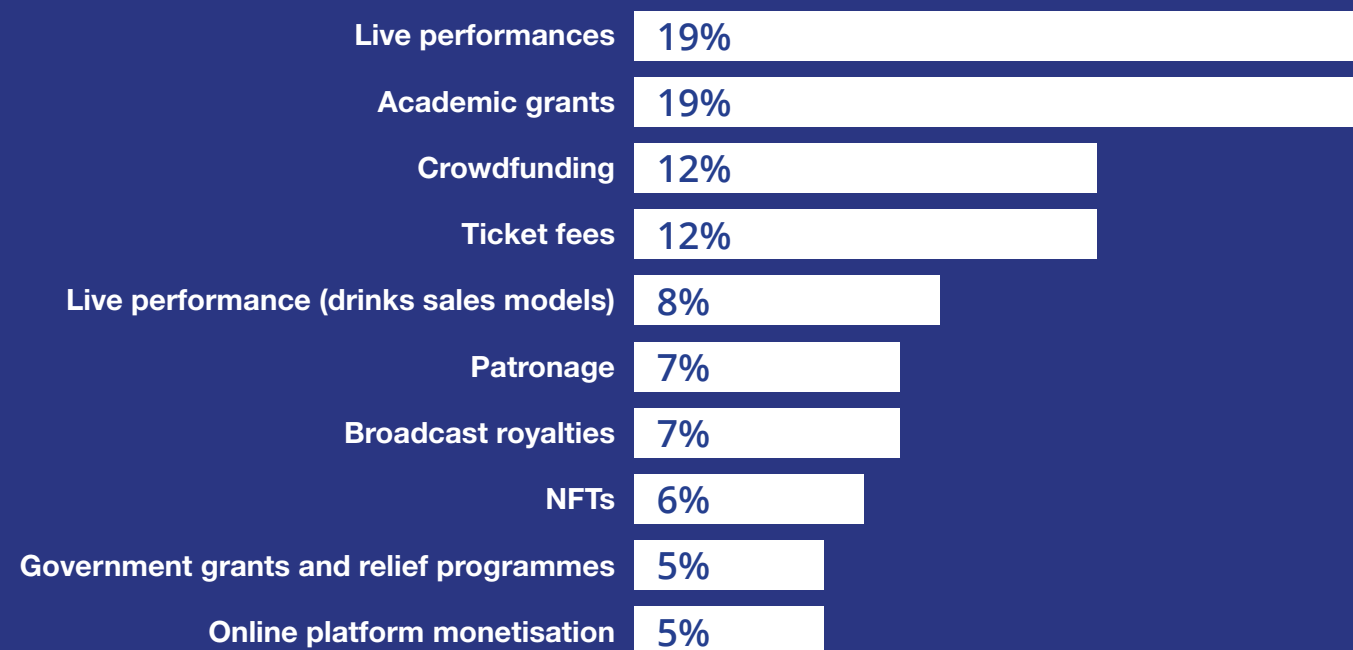
Support / needs



LEARNING PRIORITIES

This section presents the top 10 most-requested topics, across all streams, that musicians would like to learn more about. Half of these dimensions are within the Grants and Funding category, while three are within Live Performances. Brand-related revenue and Music Rights each have one most-requested dimension.

Top 10 learning priorities



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 Mbuti Moloji – Gauteng
 Nonceba Ntintili – Mpumalanga
 Ntsikwane Raphesu – Limpopo
 Palesa Segomotso – Free State
 Thabiso Nkoana – North West and Gauteng
 Thandeka Msebenzi – KwaZulu-Natal
 Thuli Msezane – Gauteng
 Tshepo Thlalogang – Northern Cape



The Music In Africa Foundation (MIAF) was established in 2013 and registered in 2014 as a non-profit organisation, registered in terms of the South African Nonprofit Organisations Act, No. 71 of 1997. Our mandate is to support the African music sector, particularly musicians, by creating and sharing opportunities for them to learn, exchange, develop and promote their careers.

THE RSFAM PROJECT IS SUPPORTED BY:

