

REVENUE STREAMS FOR MUSIC CREATORS IN SOUTH AFRICA

2022

ZAR 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

R9 890

PER MONTH

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

R141 568 500

PER MONTH

is the total revenue reported by participants across all streams.

Cumulative monthly revenues

25%

R35 498 000
SERVICES

19%

R26 660 500
MUSIC RIGHTS

16%

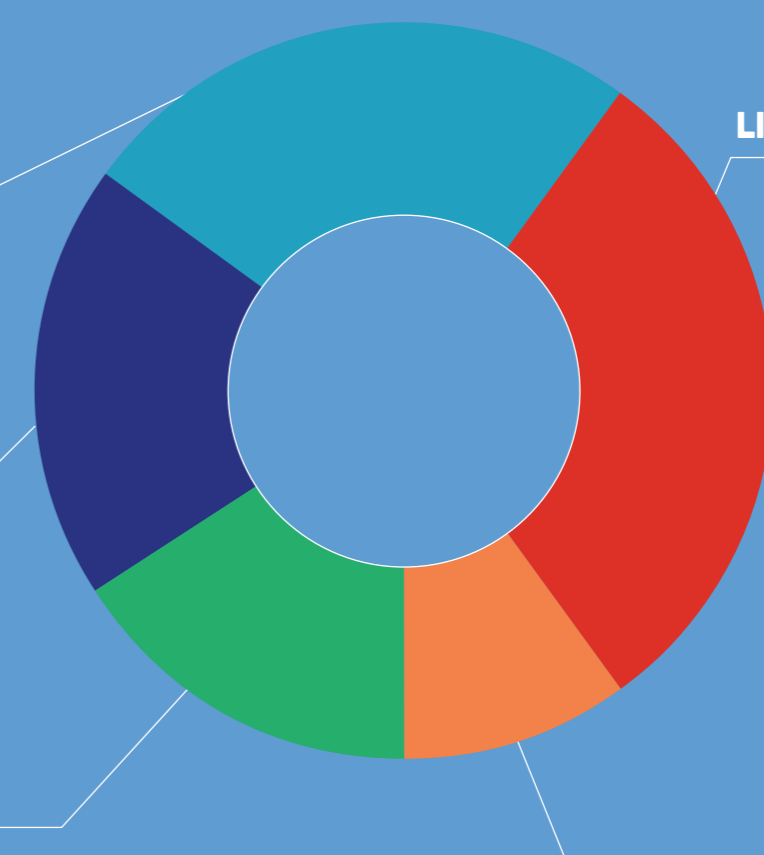
R22 451 500
GRANTS AND FUNDING

30%

R42 222 000
LIVE PERFORMANCE

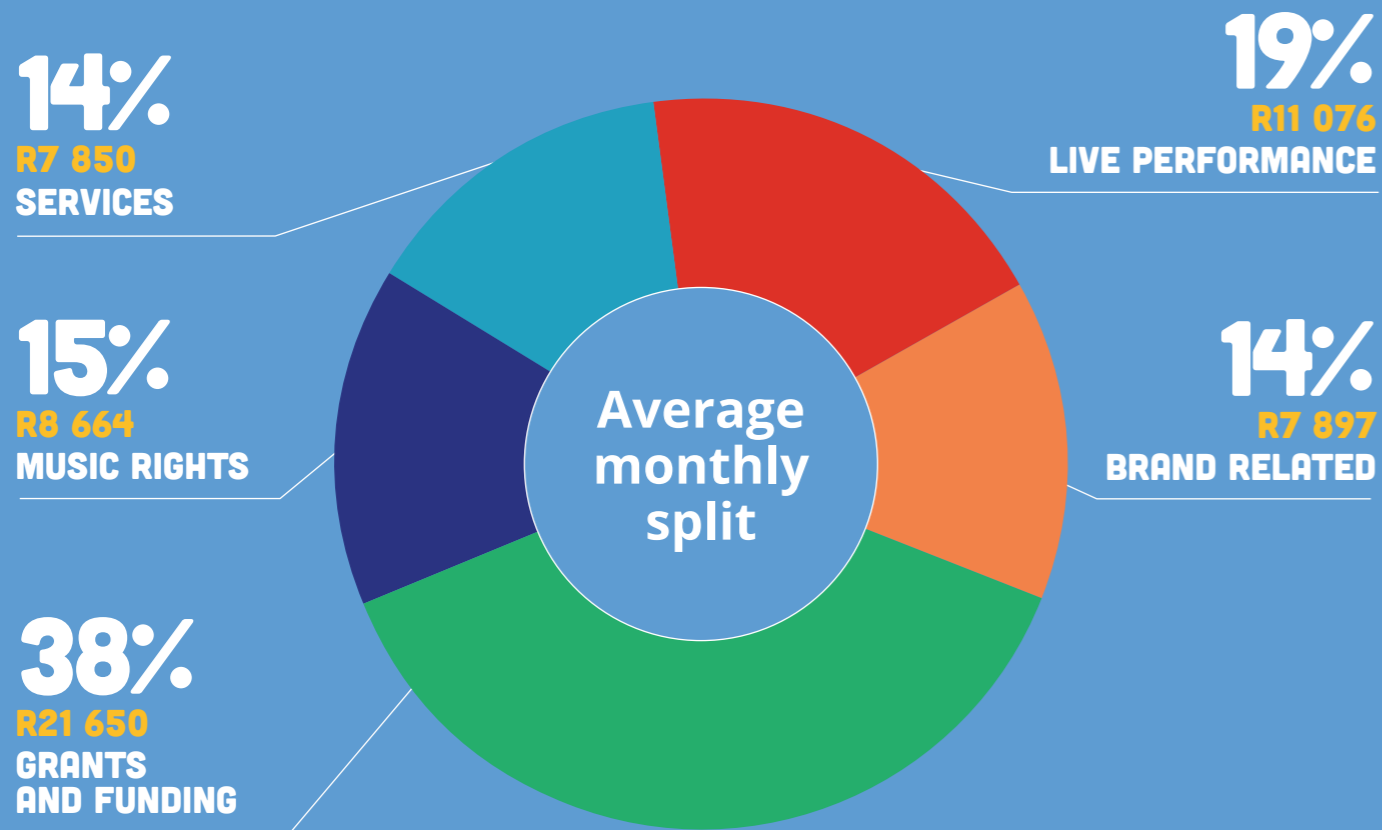
10%

R14 736 500
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



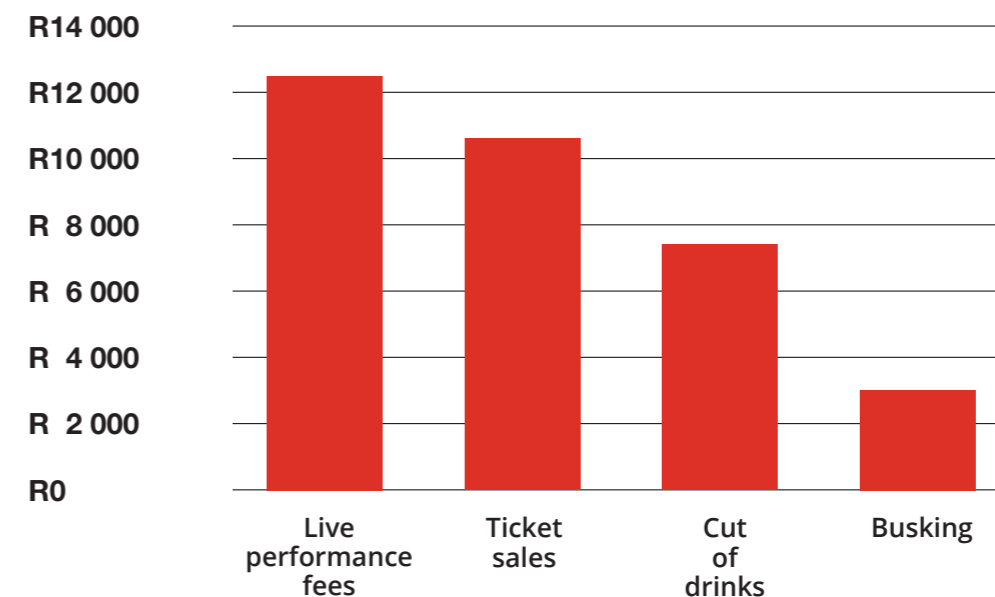
R42 222 000

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 R12 389. Ticket sales have an average of R10 744, while revenue derived from a percentage of drink sales amounts to an average of R7 428. The smallest revenue generator in this category is busking, at a monthly average of R2 649.

Average monthly incomes



Live performance revenue breakdown

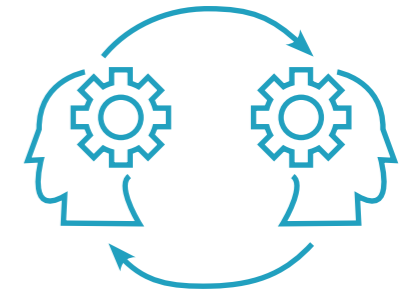
	MONTHLY TOTAL	MONTHLY AVERAGE
Live performance fees	R27 851 000	R12 389
Ticket sales	R12 033 500	R10 744
Cut of drinks	R 1 805 000	R 7 428
Busking	R 532 500	R 2 649

R35 498 000

PER MONTH

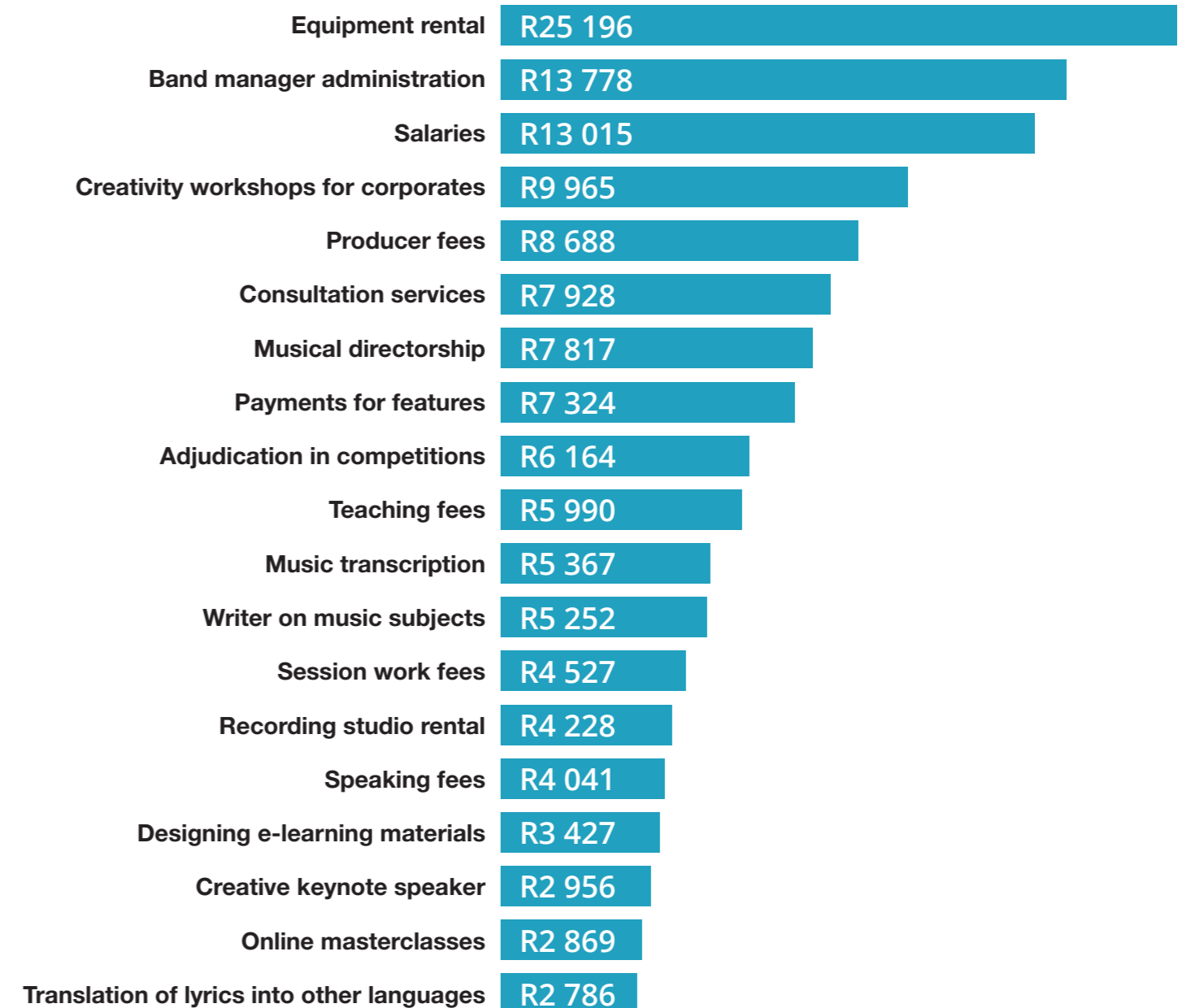
is the total services revenue reported by participants.

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 R25 196 a month. The lowest-earning revenue stream within this category was translation of lyrics into another language, at an average monthly earning rate of R2 786.

Average monthly incomes

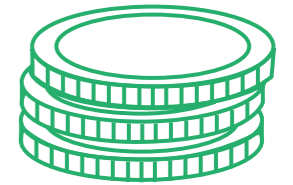


Services revenue breakdown

	MONTHLY TOTAL	MONTHLY AVERAGE
Equipment rental	R5 971 500	R25 196
Band management/administration	R3 003 500	R13 778
Salaries	R2 173 500	R13 015
Creativity workshops for corporates	R1 265 500	R 9 965
Producer fees	R5 265 000	R 8 688
Consultation services	R1 427 000	R 7 928
Musical directorship	R2 431 000	R 7 817
Payments for features	R3 772 000	R 7 324
Adjudication in competitions	R 752 000	R 6 164
Teaching fees	R2 030 500	R 5 990
Music transcription	R 585 000	R 5 367
Writer on music subjects	R 845 500	R 5 252
Session work fees	R3 214 000	R 4 527
Recording studio rental	R1 826 500	R 4 228
Speaking fees	R 289 000	R 4 041
Designing e-learning materials	R 140 500	R 3 427
Creative keynote speaker	R 233 500	R 2 956
Online master classes	R 175 000	R 2 869
Translation of lyrics into other languages	R 97 500	R 2 786



Creators are successfully venturing into equipment hire.



GRANTS AND FUNDING REVENUE

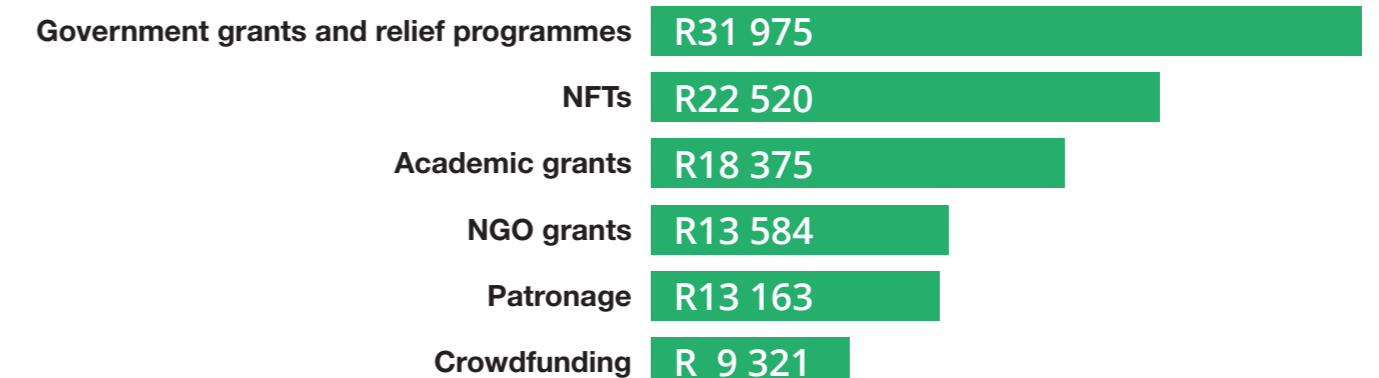
Six revenue streams were recorded within the Grants and Funding category, namely government grants and relief programmes, NGO grants, academic grants, patronage models, crowdfunding and non-fungible tokens (NFTs). Government grants and relief programmes had the highest average monthly revenues. Crowdfunding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

R22 451 500

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	R13 333 500	R31 975
NFTs	R 2 274 500	R22 520
Academic grants	R 1 984 500	R18 375
NGO grants	R 2 676 000	R13 584
Patronage	R 645 000	R13 163
Crowdfunding	R 1 538 000	R 9 321



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



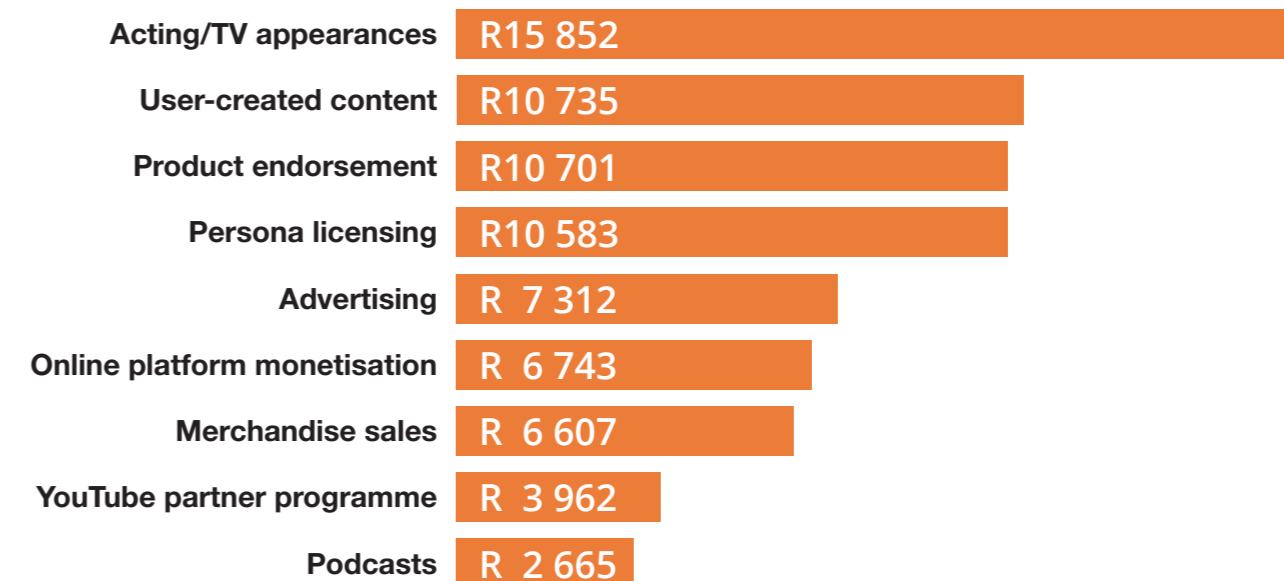
BRAND-RELATED REVENUE



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 R2 940 000 per month. However, acting or TV appearances attract the highest average income for music creators, with a reported average of R15 852 per month. Podcasts currently attract the lowest average monthly revenue (R2 665).

R14 736 500
PER MONTH
 is the total brand-related revenue reported by participants.

Average monthly incomes

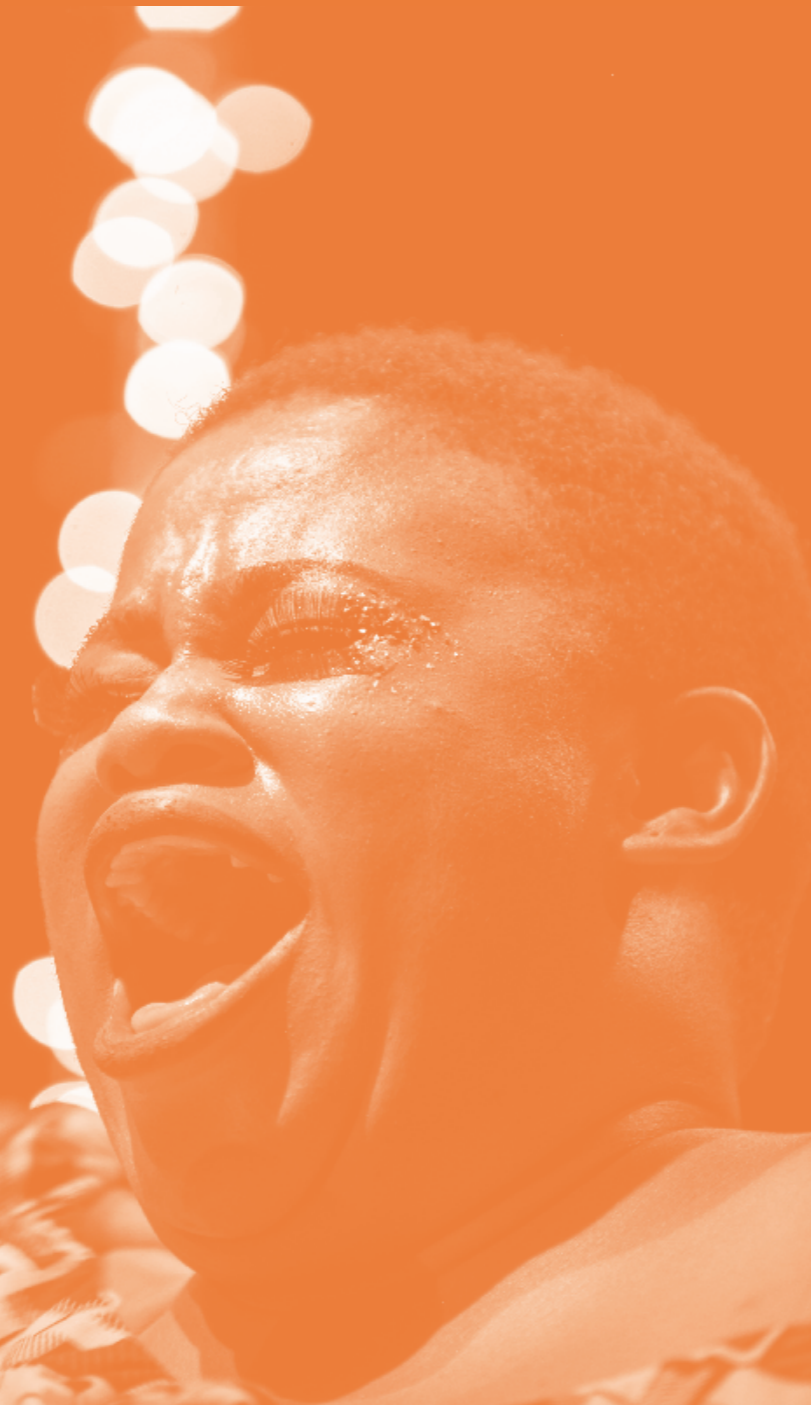


Brand-related revenue breakdown

	MONTHLY TOTAL	MONTHLY AVERAGE
Acting/TV appearances	R1 823 000	R15 852
User-created content	R1 921 500	R10 735
Product endorsement	R1 466 000	R10 701
Persona licensing	R1 968 500	R10 583
Advertising	R 950 500	R 7 312
Online platform monetisation	R2 731 000	R 6 743
Merchandise sale	R2 940 000	R 6 607
YouTube partner programme	R 669 500	R 3 962
Podcasts	R 266 500	R 2 665



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



MUSIC RIGHTS REVENUE

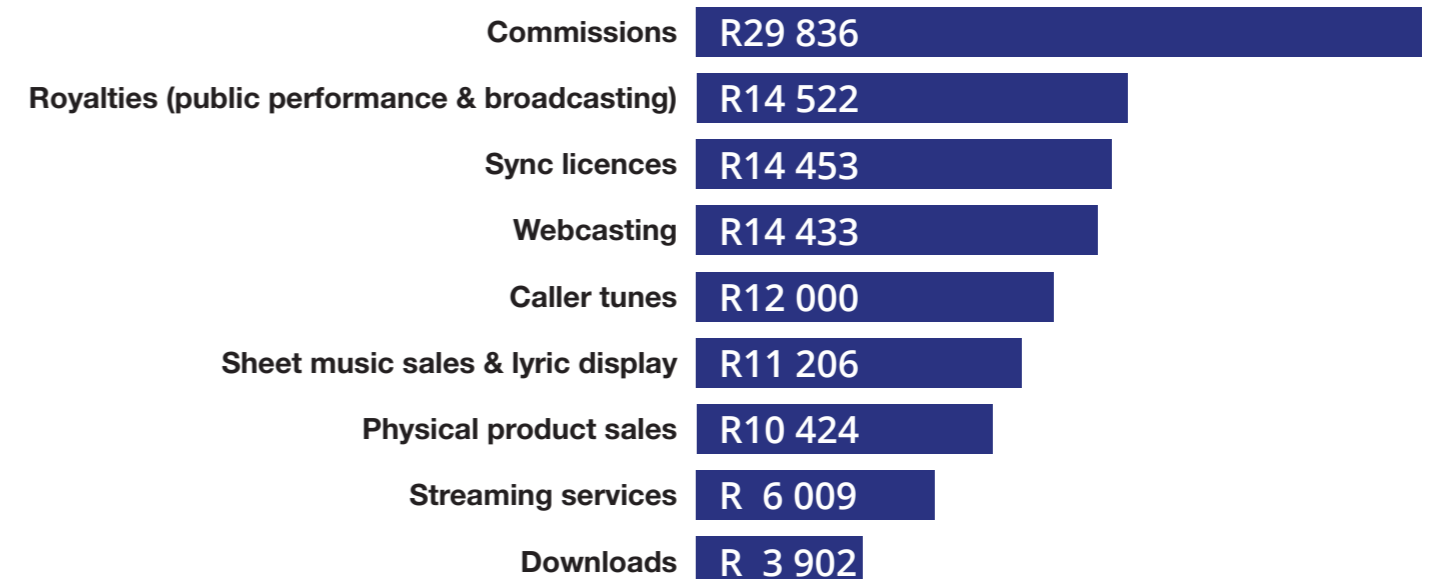


The Music Rights category comprises 10 revenue streams based on music royalty distribution models. Commissions are top in this category, with income recorded from participants amounting to a total of R5 460 000 in a month and a monthly average of R29 836. It is worth noting that revenue streams in this 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.

R26 660 500 PER MONTH

is the total brand-related revenue reported by participants.

Average monthly incomes



Music rights revenue breakdown

	MONTHLY TOTAL	MONTHLY AVERAGE
Commissions	R5 460 000	R29 836
Royalties (public performance & broadcasting)	R6 992 000	R14 522
Sync licences	R1 691 000	R14 453
Webcasting	R 866 000	R14 433
Caller tunes	R 840 000	R12 000
Sheet music sales & lyric display	R 818 000	R11 206
Physical product sales	R4 367 500	R10 424
Streaming services	R3 281 000	R 6 009
Downloads	R2 345 000	R 3 902



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.

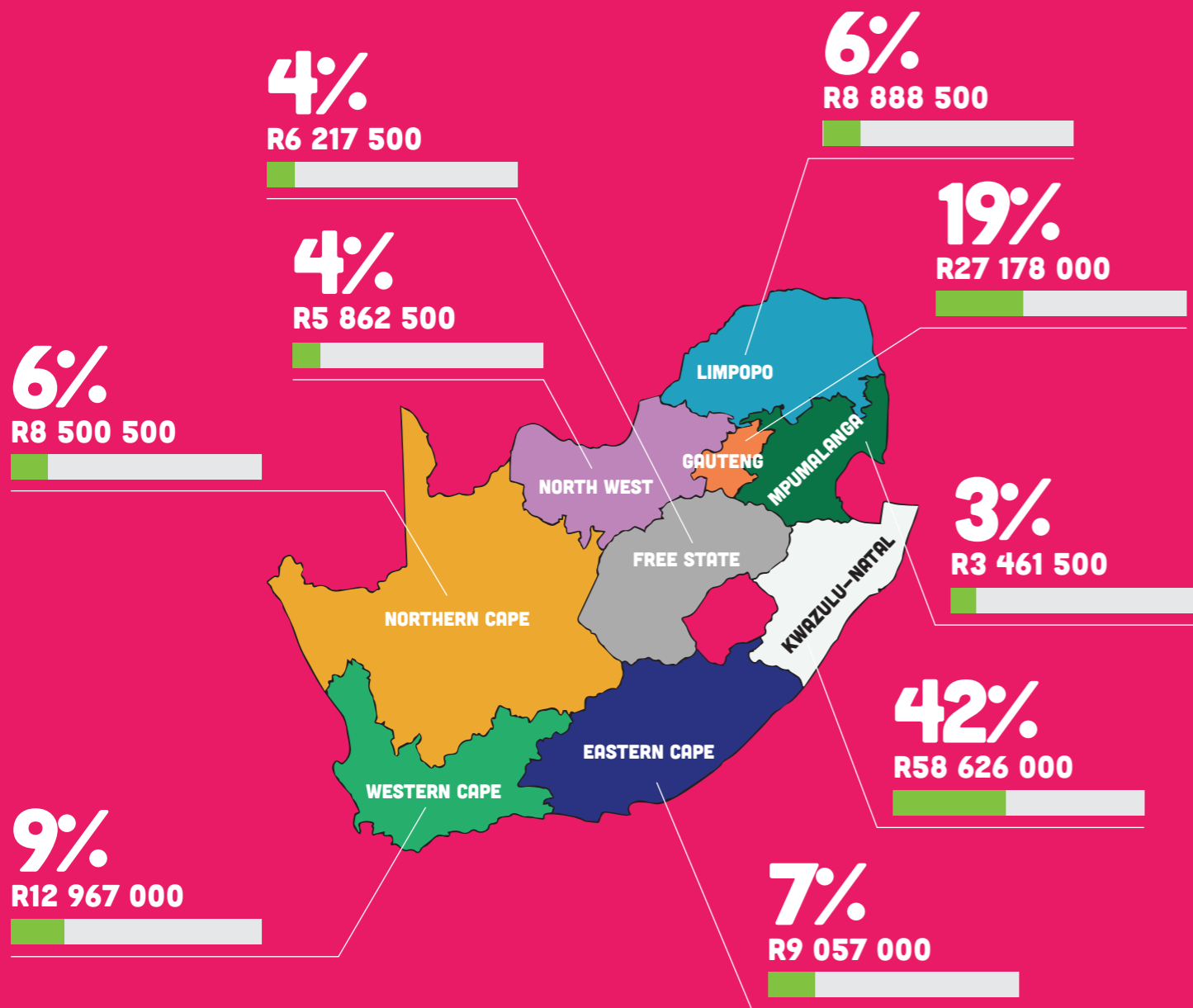
It is important to note that the figures presented in this section do not necessarily imply that all reported revenues were earned in the province where the music creator is based, as artists based in KwaZulu-Natal can still earn income from Gauteng, etc. It does, however, indicate that artists can earn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

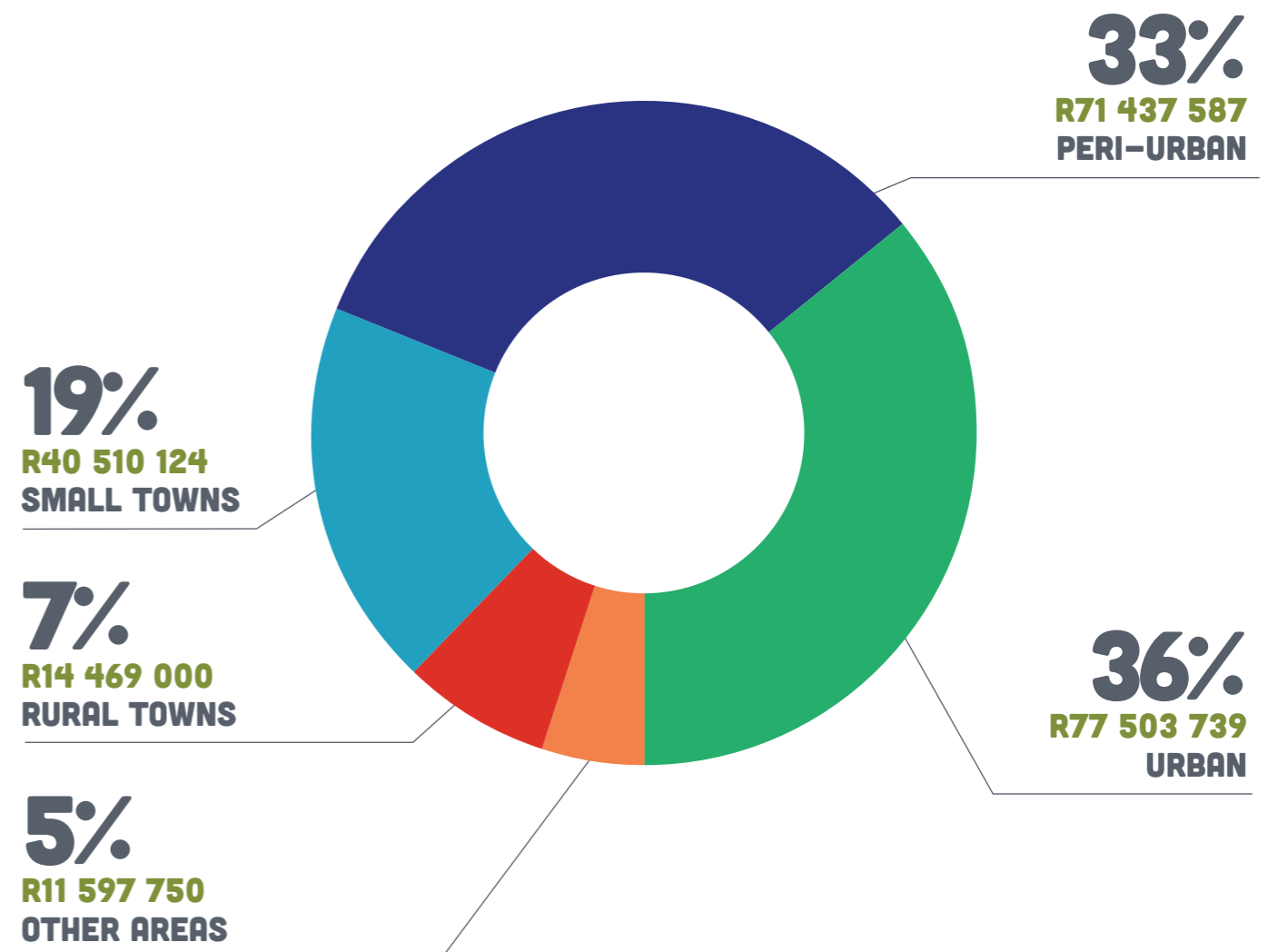


Artists can earn considerable income regardless of where they are based.

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.

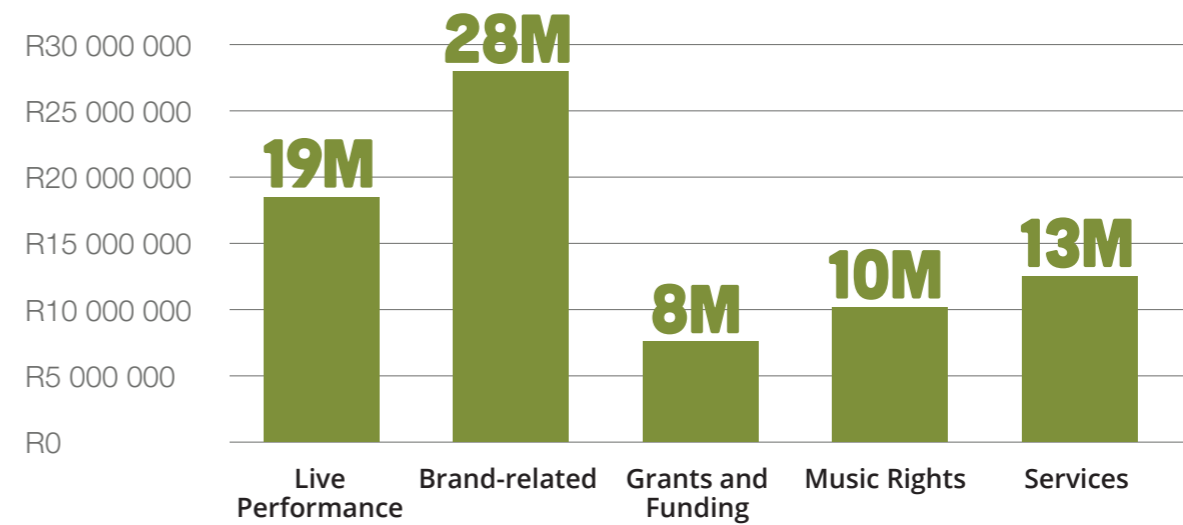
	URBAN TOTAL	PERI-URBAN TOTAL	SMALL TOWN TOTAL	RURAL TOWN TOTAL	OTHER TOTAL
Live performance	R18 663 041	R 7 732 541	R 3 295 083	R1 375 000	R2 141 375
Brand-related	R28 127 782	R45 601 125	R27 001 375	R7 056 000	R5 564 375
Grants and funding	R 7 767 042	R 4 357 542	R 2 501 042	R2 633 000	R 799 542
Music rights	R10 322 791	R 7 020 291	R 2 459 041	R1 901 000	R1 028 875
Services	R12 623 083	R12 623 083	R 5 253 583	R1 504 000	R2 063 583



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

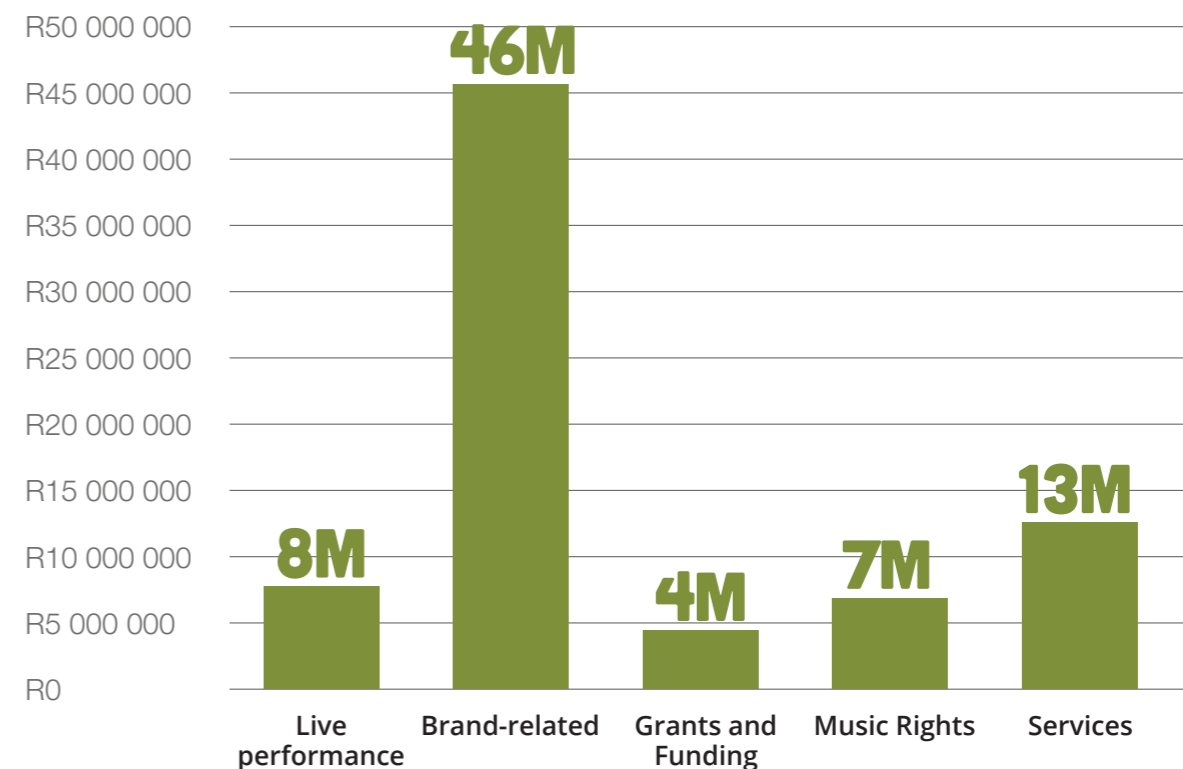


Urban

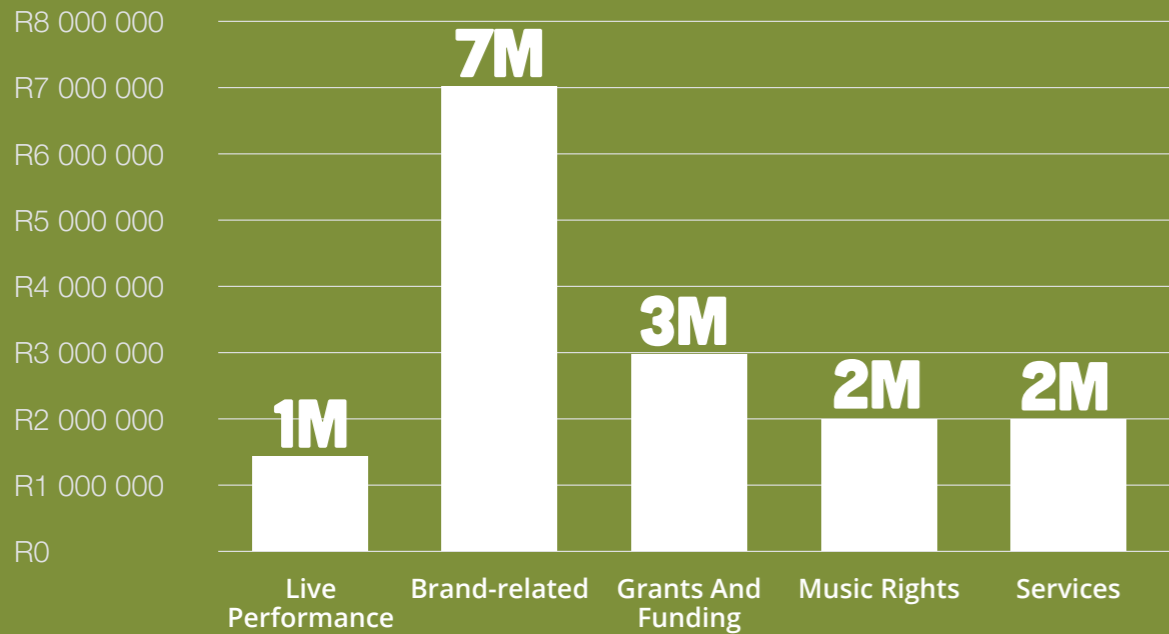


Live performances are considerably stronger in urban areas compared to other areas.

Peri-urban

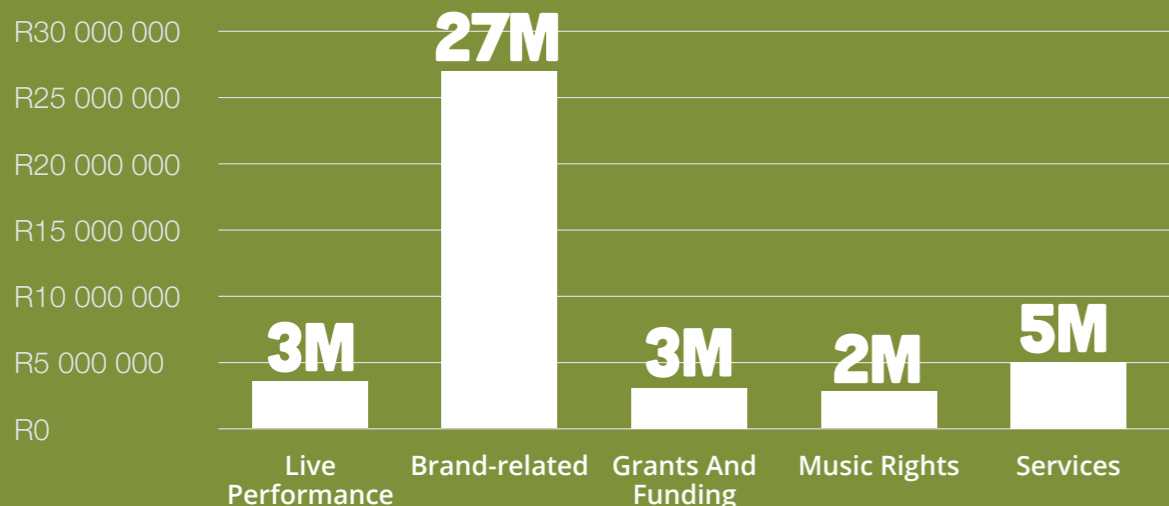


Rural towns



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.

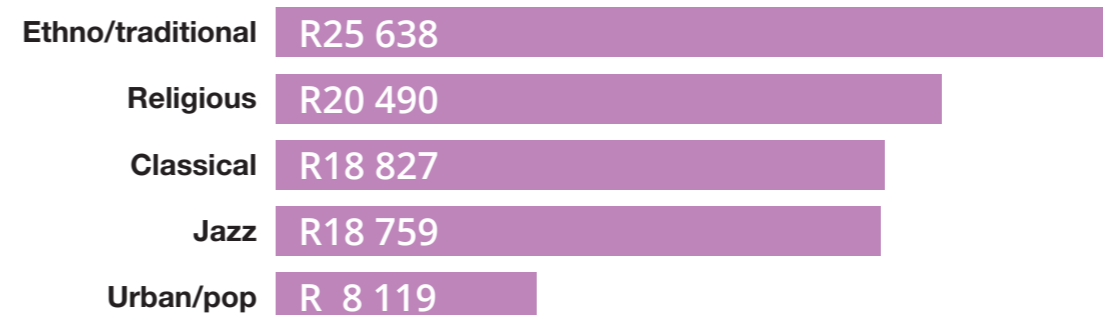
- Solo artists generate the highest Live Performance revenue on average per month, followed by choirs, orchestras and ensembles.
- For Brand-related revenue, the composer, arranger/songwriter role made the most per month, followed by the bands/groups role.
- The solo artist role realised the highest 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	R29 188 500	R 8 119
Religious	R14 035 750	R20 490
Ethno/traditional	R14 485 750	R25 638
Classical	R 3 163 000	R18 827
Jazz	R 8 741 500	R18 759

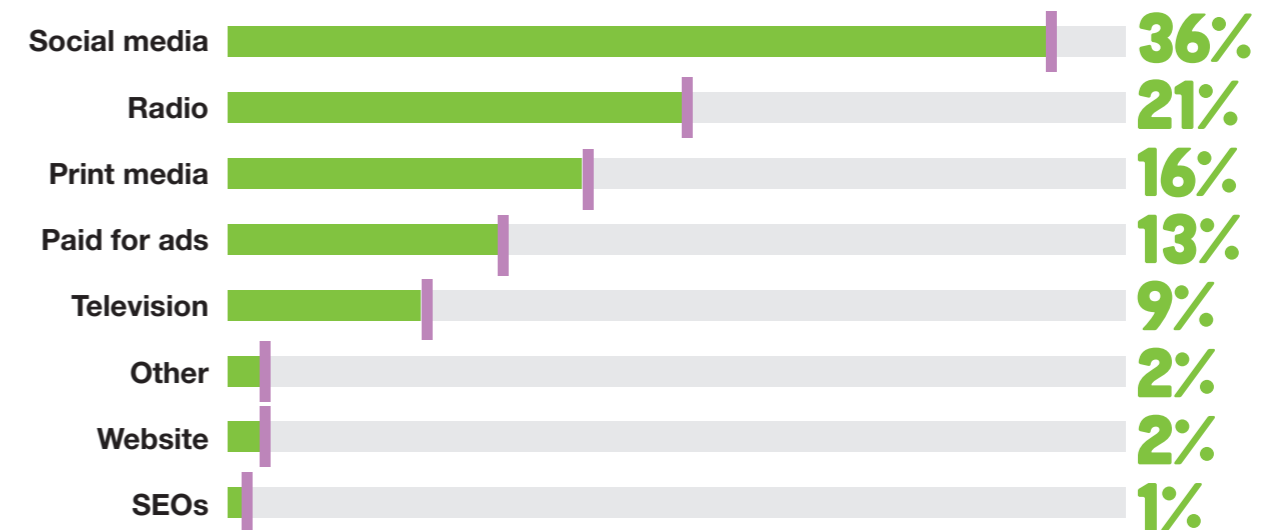
KEY TAKEAWAYS

- **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

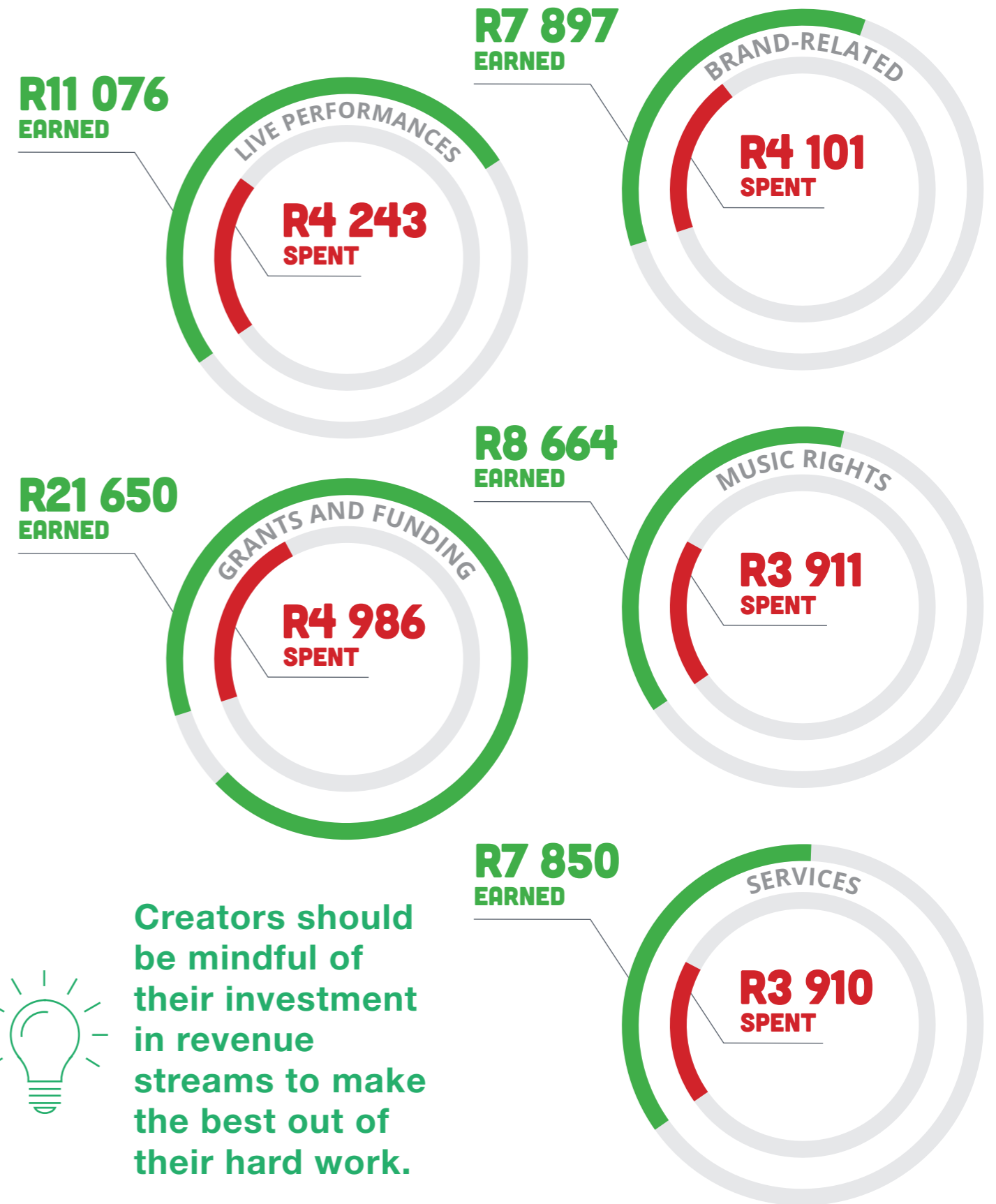
Music creators must consider that each revenue model requires some investment of time and money. Examples of investment costs include internet, fuel, expert fees, venue hire, marketing, printing, materials, etc.

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

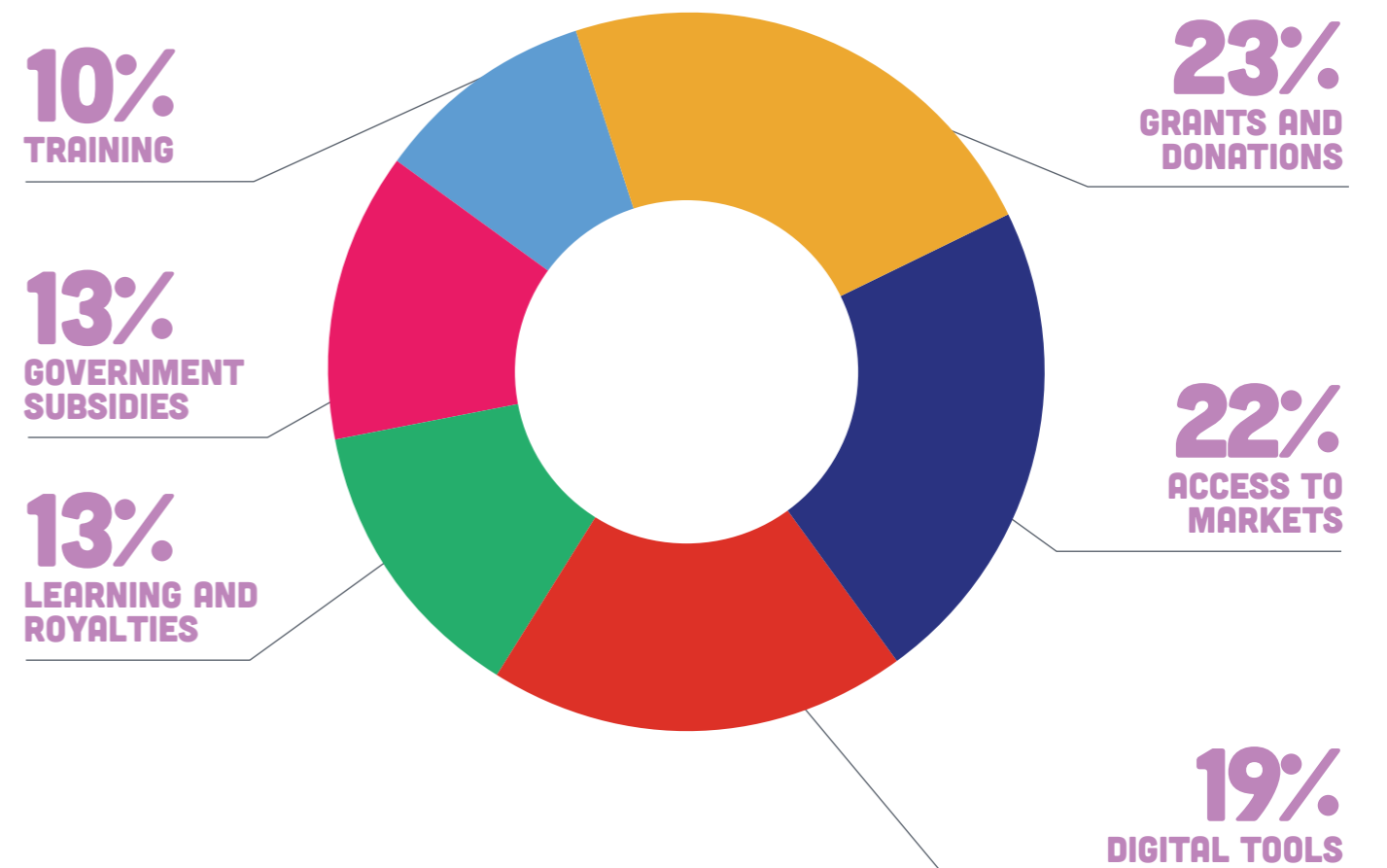


Findings demonstrate that South African music creators have the strongest allegiance to live performance revenue streams. They are least interested in IP or music rights streams.

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.

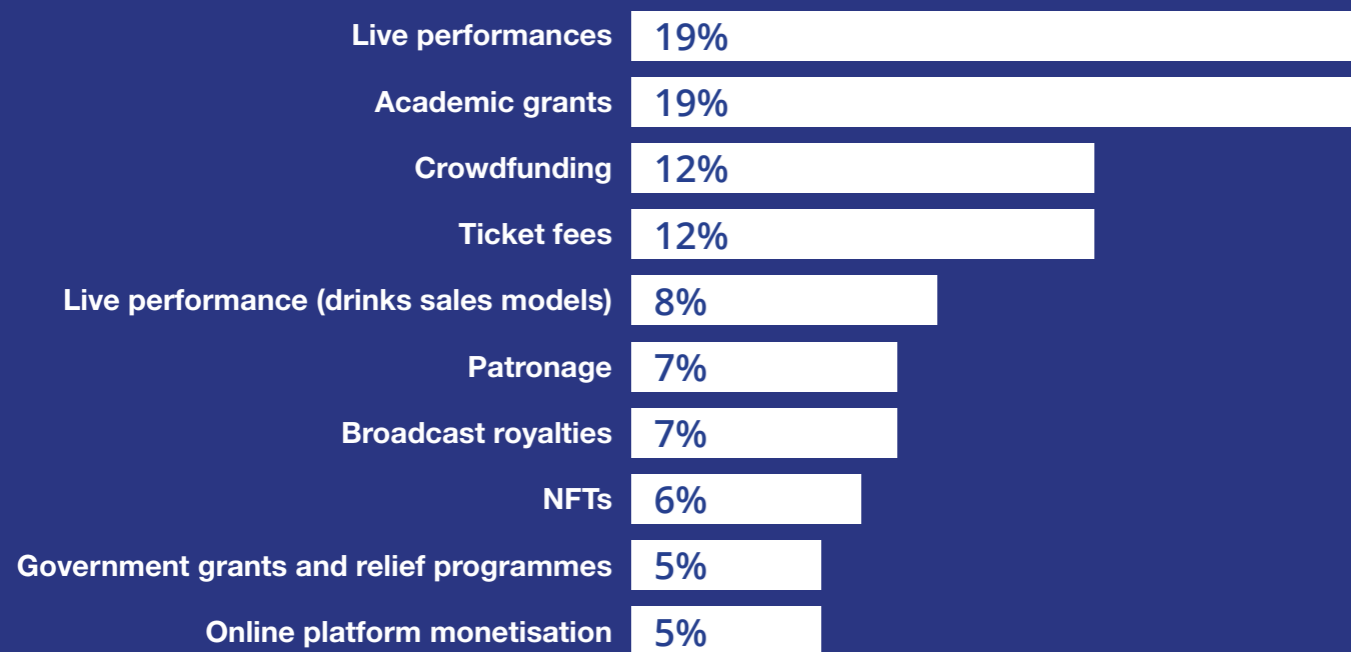
Support / needs



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



CORE PROJECT TEAM

Eddie Hatitye – Director
 Astrid Ringas – Data Analyst
 Violet Maila – Projects Manager
 Jannike Bergh – Projects Officer
 Spha Mdlalose – Projects Coordinator
 Blessings Ngwenya – PA to the Director
 David Cornwell – Report Sub-editor
 Kalin Pashaliev – Report Sub-editor
 Trevor Ou Tim (Toutim Design) – Graphic Designer
 Traver Mudzonga – Policy Auditor

MIAF MUSIC POLICY COMMITTEE

Eddie Hatitye
 Chola Makgamathe
 Nothando Migogo
 Bongani Mdakane
 Concord Nkabinde
 Jonathan G. Shaw

FIELD RESEARCHERS

Anele Dloto – Eastern Cape
 Hlengwa Gazide – KwaZulu-Natal
 Lucia Gcingca – Western Cape
 Lundi Mnyanda – Gauteng & Eastern Cape
 Mahlaga Malepo – Limpopo
 Masale Ramonyathi – Limpopo
 Mbali Ndlovu – KwaZulu-Natal
 Mbuti Moloi – 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:

