



DIGITAL FUTURES TWO

Taking Music Online in South Africa

concerts
SA



Norwegian Embassy
Pretoria



DIGITAL FUTURES TWO: TAKING MUSIC ONLINE IN SOUTH AFRICA

RESEARCH REPORT: DECEMBER 2022



Norwegian Embassy
Pretoria





Digital Futures Two: Taking Music Online in South Africa

Research Report

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Pretoria



DIGITAL FUTURES TWO

Taking Music Online in South Africa



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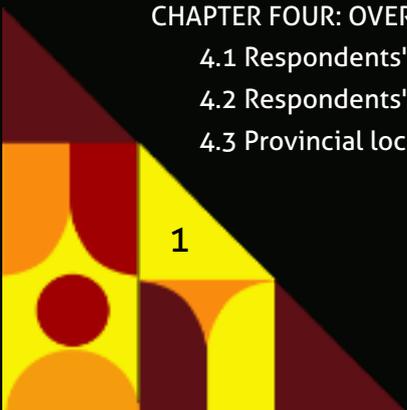
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Madala Kunene
(Photo: Sipiwe Mhlambi)

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FOREWORD: HE AMBASSADOR DESIGNATE GJERMUND SÆTHER



Dynamite comes in small packages but has a massive impact. The same has been true of Concerts SA (CSA), which in 2023 will celebrate ten years of Norwegian and SAMRO investment in southern African live music.

Dynamite was patented in 1867 by inventor Alfred Nobel who was born in the then-United Kingdoms of Sweden and Norway. The explosive power of even small sticks of this blasting agent made its creator wealthy. In his will, Nobel directed that his wealth establish a foundation to reward groundbreaking international research and intellectual achievement through Nobel Prizes in the fields of science, literature and, most notably, peace-making. The first Nobel Peace Prize was awarded in 1901.

Four South Africans have won the Nobel Peace Prize: Albert Luthuli in 1961 for his role in leading the non-violent anti-apartheid movement, Archbishop Desmond Tutu in 1984 for his consistent, vociferous resistance to apartheid and efforts at reconciliation, and Nelson Mandela and F.W. de Klerk in 1993 "for their work for the peaceful termination of the apartheid regime, and for laying the foundations for a new democratic South Africa." Sustaining those bonds between our two nations, CSA now partners with the Albert Luthuli Museum in KwaZulu Natal, nurturing the spirit of Luthuli and cultural liberation.

Others also contributed to the remarkable strides South Africa made from the tyranny of apartheid to one of the most liberal constitutions in the world, among them cultural activists, including musicians. Music was one of the most powerful languages of struggle, in marches and meetings and on stages at home and abroad. In solidarity, Norway supported and hosted progressive performers and arts organisations during the struggle era. We continued that support to contribute to the flowering of democratic musical creativity through a decade of the Mmino initiative and a further ten years through Concerts SA.

That latter initiative, established between the Norwegian Ministry of Foreign Affairs and SAMRO in 2011, was musical dynamite: a modest idea with a powerful impact in the southern African region. Micro-grants to performers and venues were strategically awarded, based on knowledge derived from both practice and research. Those grants enabled blasts of creativity in live performance, but also ignited audience development and provided data to spark future research projects.

CSA began as a partnership between SAMRO and the Ministry of Foreign Affairs, under the auspices of the Norwegian Embassy in Pretoria with Rikskonsertene in Oslo, Norway as the cooperating partner, guided by Tom Gravlø, Anne Moberg, and MFA representative Anne-Lise Langøy. Countless other passionate music advocates shared the work of organising, researching and reporting. The MFA won two Business and Arts South Africa (BASA) Awards for CSA, received by my predecessors, H.E. Ambassador Trine Skymoene in 2016 and H.E. Ambassador Astrid E Helle in 2019.

Over the past two years, Concerts SA has arguably had its period of highest impact since its inception in 2013. The annual iterations of the Digital Mobility Fund (DMF) during that period, distributed R5.1 million to 170 projects, enabled the support of concerts at 132 venues, and reached 570079 audience members, many online. The fund created 4756 work opportunities; all steered towards best professional practice.

The 2020 *Digital Futures?* research created a knowledge framework for the development of CSA's Digital Mobility Fund. This 2022 publication builds on those foundations to explore the dilemmas, risks and opportunities of the "new normal" of live streaming in the post-Covid era. We hear more of the voices of music-makers describing their hopes and fears, and see more hard data about their experiences and day-to-day practice. Like Nobel's little sticks of dynamite, CSA's legacy also rests in the intellectual capital captured in its published research. May it be shared widely to build more sustainability for southern African music.

H.E. Ambassador Designate Gjermund Sæther
Royal Norwegian Embassy



Concerts SA call for applications to the Digital Mobility Fund poster featuring The Scullery Quintet in September 2022 (Photo: Courtesy of the Scullery Quintet)



FOREWORD: MARK ROSIN



Shortly after assuming my role at SAMRO in 2020, I started working with Concerts SA. This was a month before COVID 19 shook the world, uprooting our lives and dreams with its awful impact. Live events were banned as the citizens of our nations were placed under lockdown restrictions. South Africa's live-music sector was simply shut down, and the professionals in the sector were left to fend for themselves. A great number of our composers, who are also performing musicians, battled to eke out a living, let alone survive. Our industry is still battling, with many having sold equipment, surviving on the generosity of family and friends, and this is where Concerts SA played a catalytic role.

Concerts SA could not, and would not, abandon its mission to encourage live music in southern Africa and, like so many projects, investigated hybrid models for its programmes. Together with funders, SAMRO and the Norwegian Ministry of Foreign Affairs, Concerts SA pivoted its activities. It was shortly after the lockdown embargoed live events when Concerts SA published a newsletter that brought hope and some pointers to artists, showing them a way to continue their work, and fix some administration while stuck in their homes. Before long, Concerts SA published its research report *Digital Futures? Live Streaming in South Africa* (2020). Although a snapshot survey, it offered a trapdoor to escape the lockdown, and ushered in the Concerts SA Digital Mobility Fund (DMF).

Through the DMF, Concerts SA offered micro-grants to music professionals to get up, get creating and get online. This initiative helped them better understand the value of documenting their work and placing it online. It also helped them better understand how they could generate incomes from streams. Over the past two and half years, well over 3,000 musicians, technicians and music support staff benefited from Concerts SA's injection of micro-grants into our ailing sector. This played an important role in keeping some momentum in the live music industry through the debilitating impact of COVID-19. As SAMRO, we benefited from the research and have applauded Concerts SA's continuing effort to stimulate and grow the live music circuit in southern Africa. We increased our investment into CSA projects and programmes, helping Concerts SA to continue to play a vital role in the initiative to keep the SA live music industry operating.

I am both impressed and proud of SAMRO's contributions and our association with Concerts SA. More than 70% of all CSA grant recipients were SAMRO members and the project has made considerable inroads to helping the live music sector improve its levels of professionalism, compliance, and resilience. SAMRO money was used to fund only SAMRO members, while the Norwegian funding was used to facilitate a broader music community.

This second volume (2022) of Digital Futures research is an analytical look at the complex industry of South African music rights in the context of the digital domain. It expands on already important findings and helps us to project a way forward in the fast-changing world of music. It also provides insight and resources to SAMRO and the broader music industry. This ties in with our corporate social investment objective to improve the knowledge base of the music business in South Africa.

In 2023 SAMRO celebrates 10 years of the Concerts SA programme. As the main source of income for many of South Africa's composers, we consider live music an essential component of the music ecosystem. Without composers' works being performed, there would be no way for their work to be heard, and without performance of their works, there would be no royalties for SAMRO to collect. Therefore, it is strategic and not just socially responsible for SAMRO, as the leading collector of music performance licences in Africa, to continue to encourage the performance of our members' works.

This year, we celebrate CSA's success, and to continue SAMRO's high impact corporate responsibility and social investment to our sector, we have committed to a continued three-year partnership in support of the Concerts SA project, building on our decade of investment alongside the Norwegian Ministry of Foreign Affairs.

**Mark Rosin,
Chief Executive Officer: SAMRO**



*Paulo Costa performing at an Oceanica concert supported by the Digital Mobility Fund
(Photo: Gregory Franz)*

FOREWORD: ANDRE LE ROUX



When we discuss the live music sector, we mean that segment of the broader music industry that stages shows: running venues, tours and festivals and working with musicians to generate income from live performances through ticket sales, sponsorships, performance fees and door takings. The amazing musicians who provide the soundtracks to our lives are central to a landscape that also generates income for many other kinds of workers.

Since 2013, Concerts SA (CSA) has pursued the mission of stimulating a thriving, sustainable, professional and profitable live music sector in South Africa, substantially supported by the Norwegian Ministry of Foreign Affairs (NMFA) through the Royal Norwegian Embassy (RNE) in South Africa and SAMRO

CSA was administered by the Southern African Music Rights Organisation (SAMRO) Foundation. As their corporate strategy evolved, SAMRO chose to outsource the administration of CSA. With the approval of the RNE in late 2019, SAMRO appointed IKS Cultural Consulting as CSA's new programme administrator. I chose to leave SAMRO and take on this vital mission. But just as we began our work, South Africa's live music sector faced the greatest challenge in its modern history. In early 2020, the Covid-19 pandemic hit, and the sector came to a standstill as national lockdowns banned all gatherings.

Undeterred, we refused to let the sector die, researching ways to navigate lockdowns and restrictions. Our immediate response was to explore alternative sustainability strategies, leading to our first research report on music streaming in July 2020: *Digital Futures? Live streaming in South Africa*. We took educated risks based on this research, and adapted CSA's programmes, pivoting towards events that could be broadcast online and launching the Digital Mobility Fund (DMF) to keep musicians creating – and solvent.

COVID took lives, damaged health and impacted musicians on many levels, driving many into poverty, depression, and despair. Digital opportunities, always a possibility, had now become a necessity. The DMF played a core role in keeping music alive, with the National Arts Council, SAMRO and other international bodies coming on board to contribute grants. During the two-year lockdown period, CSA-supported events created well over 3,000 work opportunities along the live music value chain. We believe that we contributed to keeping live music moving when everything pointed to a full stop.

None of this would have been possible without the knowledge base provided by the 2020 *Digital Futures* research: it was our compass to navigate those rough, uncertain seas.

All that time, we continued to gather facts, figures, and responses from our sector, culminating in the survey that provided the data for this report. We can now look back to that time of crisis from a time of hopeful renewal, consolidate our learnings, and take advantage of research done elsewhere as music-makers across the world faced the same dilemmas and learned what worked and what didn't.

So this research journey into *Digital Futures* territory lets us consider how we adapted and how we can continue contributing to live music and the revenue it generates – including knotty issues like how intellectual property is managed across events incorporating performing, mechanical and recording rights.

The new *Digital Futures: taking South African music Online* (2022) is a broader, deeper study, incorporating theory, unique data on the South African streaming experience, and the real voices of artists and others who contribute to making music. Its practical focus is on revenue streams, who pays whom, who carries the risks and who is best equipped to grab the opportunities, as well as the role of the state in dealing with both music role-players at home and dominant multinational streaming platforms.

Research, for us at IKS and Concerts SA, is always about fostering collaboration and generating practical knowledge so that scholars, businesses, policy-makers and artists can work together to improve the live music ecosystem. This study offers a local perspective on a global challenge. As well as opening a window to the experiences of our corner of the world, it represents a shout-out to all who make music everywhere to join hands in growing our knowledge and helping our sector sing.

Andre le Roux
Director: IKS Cultural Consulting
Concerts SA Programme Manager



Brenda Mtambo – 2022 Concerts SA Digital Mobility Fund Recipient (Photo: courtesy of the artist)

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GLOSSARY OF ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
Brexit	British exit from the European Union
CCSA	Copyright Coalition of South Africa
CEO	Chief Executive Officer
CMO(s)	Copyright management organisation(s)
Covid	The Sars COV 2 virus and its resultant pandemic
CSA	Concerts SA
DMF	Digital Mobility Fund of Concerts SA
DSAC	Department of Sport, Arts and Culture (South Africa)
DSTV	Digital Satellite Television (South African direct broadcast service)
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (German development agency)
ibid	(in references) same as the reference cited above
ICT	Information and Communications Technology
IFPI	International Federation of the Phonographic Industry
IKS	Indigenous Knowledge Systems Cultural Consulting
IP	Intellectual Property
JSE	Johannesburg Stock Exchange
MiA	Music in Africa Foundation
MP3	Coding format for audio files
MTN	Mobile Telephone/Telecommunications Network (pan-African mobile communications company, headquartered in South Africa)
NMPA	National Music Publishers' Association (USA)
op cit	(in references) Cited elsewhere
OTM	OnTheMove (music mobility organisation)
RiSA	Recording Industry of South Africa
SABC	South African Broadcasting Corporation
SACO	South African Cultural Observatory
SAMRO	Southern African Music Rights Organisation
SASRIM	South African Society for Research in Music
SMME(s)	Small, Medium and Micro Enterprises
UK	United Kingdom
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organisation
USA	United States of America
WIPO	UN World Intellectual Property Organisation

Background: *Untitled Basement* (Photo: Tseliso Monaheng)

EXECUTIVE SUMMARY

"It is not for seeking attention or likes but to share our ghetto experiences and stories"
2020 research respondent

The Fourth Industrial Revolution remains a distant dream for many South African music professionals.

- Many in SA music were fast followers into the streaming world even before Covid
- They make skilled use of analytics to track audiences
- Their streaming is motivated by a strong sense of social mission and purpose
- They're not all amateurs who just need to "stream better"
- They carry most of the risks of streaming, but benefit minimally, if at all
- Streaming is at best a tiny supplement to earnings, and at worst – because of platform fees – a drain on them
- Without sponsorship, streaming would be unaffordable for many more
- South Africans aren't alone: recent international research confirms that even in countries with strong digital infrastructure, streaming barely helps music workers
- But in South Africa, a huge digital divide makes things worse, and proposed new copyright laws don't begin to address the issues

Those are among the findings reported in this new report: *Digital Futures Two: Taking South African Music Online*.

About the research

In July 2020, Concerts SA published the findings of a snapshot survey, *Digital Futures? Live streaming in South Africa*. This is the planned follow-up, conducted in February 2022. It reached a much larger sample, did more extensive open and closed questioning, and added wider desk research, to map South African music-makers' experience of the streaming landscape.

- 279 completed questionnaires received
- 56% of respondents were sole proprietors/independent contractors employing fewer than ten people
- 39% were based in Gauteng; 19% in KZN, with 8% or under in each of the remaining seven provinces
- Response rate of 90+% to every individual question
- Just under 45% of respondents (to that question) had streamed during the previous year

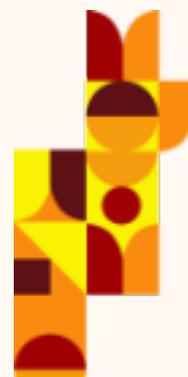
What respondents told us

Experience and tech-savvy

- 41% of respondents had been involved in livestreaming activities for three years-plus
- 77% had some live streaming involvement before Covid
- 42% used a combination of methods, including site analytics, to track audiences

Business models:

- For most respondents, "livestreaming" meant delayed broadcast of pre-recorded material
- Just over half used ticketed models of various types to support projects
- 22% reported combining small live audiences with live streaming





Sponsors:

- Single largest source of support was private investors and corporates
- 34% were supported by local or international donors
- 21% named government as a source of support

Most important partners

- 48% named platforms – including big international platforms – as most important current real partners
- Many named other envisioned partners but hadn't explored licensing deals yet

Earnings:

- 63% rated their earnings from livestreaming as poor or very poor
- Only 7% reported good or very good earnings
- This evaluation of **earnings** was consistent with the 2020 survey.
- But 71% of respondents reported better **audiences** than in 2020.

Rights ownership

- 54% – an increase from the 2020 survey – indicated that the artists owned the master recordings of their streamed material

Perceived benefits of streaming

- Increased audiences (33%) and exposure

Perceived risks of streaming

- Piracy and illicit sharing (17%)
- Uncertain returns on investment (13%)
- Artists – and often show curators too – carry the main risks with no mitigation strategies in place

And those who hadn't tried streaming?

- More than a third of the respondents cited lack of resources and equipment as barriers preventing them from exploring streaming opportunities
- More than 70 of the open responses foregrounded the SA digital divide as a barrier: cost, speed, bandwidth, connectivity, load-shedding



"[Our audience] is very poor because some of my fans don't understand the streaming technology; some of them don't have phones that allow them to stream my music."

2022 respondent

*Audience at the concert of Dumza Maswana supported by the Digital Mobility Fund in 2021
(Photo: courtesy of the artist)*

IT'S A GLOBAL DILEMMA

Our desk research showed:

- Our findings about poor artist earnings are wholly consistent with the findings of now substantial international research
- The platform ecosystem is run by a few big international companies who control music all along the value chain
- These platforms have shaped a system that the UN World Intellectual Property Organisation says is "destroying music"

But South Africa's digital divide, neglect of artists' practical concerns, and outdated laws make things worse

Our sources explained:

- Doing anything digital is expensive and/or inaccessible for many -- both creators and audiences
- Our arts and culture sector remains ill-understood by policymakers
- Even proposed new copyright laws don't address the main livestreaming concerns

"Poor network and loadshedding compromises production especially when one has to meet deadlines"

2020 research respondent



*Technical set up for a Digital Mobility Concert of The Brother Moves On at Wolf and Co in June 2021
(Photo: courtesy of the artist)*





"Please, please speak to social media companies to reimburse artists because they work off our original music!"

2022 respondent

Sphelelo Mazibuko 2022 (Photo: Mthunzi Mvubu)

What's changed since 2020?

- More people are doing streaming, and many more as sole providers
- Risk profiles have matured: risk now sits firmly with artists
- Artist-centric models dominate: more artists now control their IP and get (poorly) paid
- Artists are less worried about loss of creative freedom and more worried about digital piracy and IP theft (International studies suggest they should still worry about both)

And what hasn't changed?

- Low expectations of revenue persist and are justified by experience
- External donors and sponsorship are still essential
- The SA policy environment remains underdeveloped
- ...and labels and CMOs still don't communicate well

What actions could help?

Policy-makers need to:

- understand and support arts and culture generally, and listen to practitioners
- bridge the digital divide faster
- work with CMOs to take on the platforms about more equitable payments
- develop demand-side stimulus strategies
- work with others to make more digitally-related training and information available

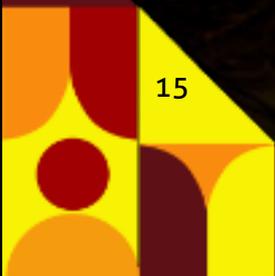
CMOs and labels need to:

- communicate better with artists
- ensure fair payment

Artists need to:

- stay flexible, adaptable and multi-skilled – 'we're on our own!'

CHAPTER 1: INTRODUCTION



In 2020, Concerts SA (CSA), with the support of the Royal Norwegian Embassy and in association with SAMRO, IKS Cultural Consulting and the Music in Africa Foundation as our online partner, commissioned a snapshot survey on the music streaming models being adopted by South African artists and other industry players. The aim was to understand not only business models but also experience of and knowledge and attitudes to streaming in the SA music ecosystem, at a time when the "pivot to digital" was being widely touted as one potentially useful response to the devastation of the live music scene wreaked by the Covid-19 pandemic and its accompanying restrictions. Importantly, it also sought to understand whether and how support for artists could also be adapted to support this pivot and any potential revenue streams. The resulting report was published as *Digital Futures? Live streaming in South Africa* in July 2020.

Although the 2020 report bore the term "live streaming" in its title, it became clear, even at that early stage, that live streaming formed only a portion of the activities envisaged and undertaken by music creators and platformers attempting to salvage activities from lockdown. Delayed broadcast rapidly became the dominant model even as the *Digital Futures?* report was being prepared for release, and a multiplicity of other models were being tried out – for example, an artist performing new music or an instrumental demonstration in front of a camera in their home is technically streaming live, but not as that term is more generally understood, as it is most often subject to delayed audience access. As a consequence, this second report uses the term "streaming" broadly, to cover the full range of online music activities encountered and reported.

In those early pandemic days, streaming was everywhere viewed with almost evangelical enthusiasm. As one columnist in *Forbes* magazine urged: "it is important to embrace the power of tech to not only salvage but revolutionize industries like live music. Through cross-industry collaboration, we will be able to thrive in spite of the challenges raised by the Covid-19 pandemic."¹

Prior to the pandemic, live music was the industry's major income stream, making up more than 50% of revenue worldwide² and accurately reflecting the dramatic reversal of the music industry value-chain over the previous two decades from a situation where recorded music had reigned at the earnings pinnacle. Live music and whatever could be leveraged from it was now the main value-chain earner. But pandemic restrictions on travel and live gatherings immediately cut that potential. In such a situation, practitioners and policy-makers both looked to digital alternatives: streaming live performances and recorded music to potentially paying viewers and creating new content for that purpose. Streaming as an industry revenue stream had grown over the previous six years worldwide from 9% to 47% of the whole. For Africa, predictions suggested that by 2025 digital revenues could be fivefold what they had been in 2017³. By 2026, Africa was estimated to have 55.8 million streaming users⁴, the largest potential market on a single continent.

However, in-depth and critical analysis of who precisely was earning what from streaming and how, remained a relatively new field of study. Even less research had examined whether the situation was similar or different – and in what respects – in developing regions such as Africa. Yet policy-makers here too were urging musicians to explore the digital route, and South Africa – a fast follower in this as in other areas of digital business activity – had already seen the emergence of streaming initiatives.

¹ <https://www.forbes.com/sites/theyec/2021/03/03/how-tech-can-revolutionize-the-music-industry-during-the-pandemic/?sh=5f6a504a31b3>

² <https://www.weforum.org/agenda/2020/05/this-is-how-covid-19-is-affecting-the-music-industry/>

³ <https://blogs.worldbank.org/nasikiliza/why-policymakers-should-support-africas-growing-music-industry>

⁴ <https://www.statista.com/outlook/dmo/digital-media/digital-music/music-streaming/africa>



For all these reasons, Concerts SA commissioned artist manager and consultant, Jess White of Akum Agency, to undertake an urgent, small-scale exploratory study. Its findings were based on data from that initial small sample, 70% of whom were genre-agnostic SMMEs employing a transactional video-on-demand revenue model. For most of those interviewed, revenue was at best only around 30% of what might be expected from a live show, ad-hoc arrangements where venues or artists carried their own risks dominated, optimism rather than experience of implementation underpinned hopes for wider syndication possibilities, and there was an urgent and major need for information, training, and the bridging of the nation's digital access divide.

The research was limited by its scale, but also by the novelty of both the pandemic situation and many of the digital responses to it, and was always planned as the precursor to a larger-scale investigation that could also consider a longer timeframe. The research also laid the foundation for the setting up of the Concerts SA pivot from physical mobility to digital mobility. (The resulting Digital Mobility Fund is now in its fifth iteration.)

But at the same time as this work was being conducted, the intensification of the impetus towards digital internationally was also intensifying the critical focus on whether its potential as a revenue stream was real or illusory, and for whom, under what circumstances. So this second South African study is also able to benefit from that scholarship, which reinforces the hard questions that now need to be answered about the streaming bonanza that was predicted for musicians and production crews.

This second study was conducted over the early months of 2022, and its methods are detailed in Chapter Three. The survey sought to establish how the landscape for the streaming of music changed between 2020 and 2022, and to further document the experiences of the South African music sector in the digital domain while drawing on a much more extensive sample. Its primary areas of enquiry included the revenue earned from streaming, streamers' future plans, policy and programme considerations for stakeholders across the sector.

The Concerts SA Research Team would like to thank SAMRO, the Royal Norwegian Embassy and Ministry of Foreign Affairs, the Music in Africa Foundation, the National Arts Council as well as a generous overseas funder who has opted for anonymity in this report, for supporting our Digital Mobility Fund and for stimulating conversations about issues requiring research. We would also like to thank the surveyed participants for their support in continuing this vital work.

Vusi Khumalo (Photo: Sipiwe Mhlambi)

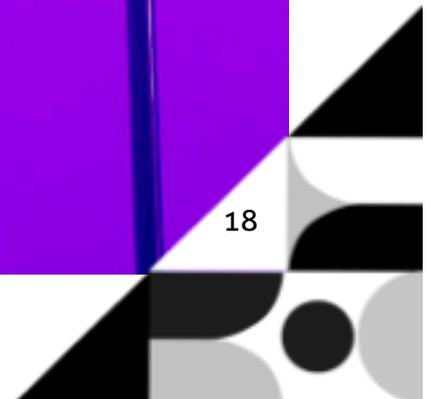


CHAPTER 2: BACKGROUND AND CONTEXT



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Titi Luzipo featured at Thandi Ntuli's Digital Mobility Fund Concert 2020
(Photo: Tsediso Monaheng)



2.1 International Streaming Pre-Covid:

2.1.1 History

The term "streaming" came into wide use during the 1990s to describe both recorded and live video on demand (including music performance video) accessed via the Web. By the end of the decade, a peer-to-peer MP3 file music-sharing website, Napster, was gaining traction (initially in the USA and later internationally) for providing free download access to albums and, as a smaller aspect of its activities, unofficial recordings of live performances and bootlegged copies of demo recordings and unreleased alternative cuts. Similar copycat enterprises followed, though on a much smaller scale. Both record companies and individual artists sought to stem Napster's activities because of the loss of income from copyrighted intellectual music property it facilitated, and a period of legal tug of war between⁵ unauthorised streamers and the owners of intellectual property (IP) followed. Napster was eventually forced to shut down in 2001, but by then it had more than 20 million users. Digital media companies took note, and in 2003, Apple initiated its iTunes Store selling downloads from its music library for the iPod player. Algorithms (such as Pandora) were subsequently developed to build recommendations and marketing based on a user's history. This focus on user data was something subsequent music streaming services incorporated into their business models – and monetised.

By late 2021, more than 500 million people worldwide were subscribers to paid music streaming services, with an estimated additional 100 million intermittently accessing the free elements of streaming sites. As one current example, more than a quarter of the world's population uses YouTube every month.⁶

The first phase of digital streaming ascendance eliminated large-scale unauthorised streamers while sustaining the feature that had won them market share: easy (though no longer free) access to vast music resources. Western commercial popular music dominated these vast offerings and purchases. This first wave achieved both a disintermediation of industry structures (eliminating middlemen such as record stores) and a disaggregation of product: the 'track' rather than the album became the main unit of purchase.

2.1.2 Re-bundling and reconciling with record labels

However, as international streaming platforms vied for market dominance, new mediating structures and processes such as differently-priced tiers of subscription and membership offering access to exclusive content (newsletters, unique cuts of music), began to emerge. And as providers integrated their genres of streamed content (music, films, original series, documentary and news items), new forms of aggregation also developed, with music very often "bundled" into a multi-genre subscription as a low-cost or free add-on. Most recently, during the pandemic period, the "virtual live experience" (a streamed concert with enhanced subscriber features) also began to enter developed markets⁷ where event organisers, artists and audiences can all reach and use the relevant creation, platforming and access technology.

Earlier antagonisms between record labels and streaming platforms softened, as labels began benefitting from the significant upfront payments streaming services paid to license recorded content. This forms a significant portion of labels' earnings from streaming and does not have to be shared with artists. One estimate suggests that even pre-pandemic the 'Big Three' labels (Universal, Sony Music and Warner) that controlled most of the market (we call this oligopoly) were earning as much as \$800 000 per hour from streaming services.⁸

⁵ <https://www.statista.com/topics/9503/streaming-worldwide/#:~:text=Data%20showed%20that%20the%20number,dollars%20in%20the%20past%20decade.>

⁶ <https://www.globalmediainsight.com/blog/youtube-users-statistics/#:~:text=According%20to%20Statista%202022%2C%20over,use%20YouTube%20once%20a%20month.>

⁷ <https://www.youtube.com/watch?v=GJD1RtAmiAI>

⁸ <https://www.thepackmusiccoop.com.au/post/music-streaming-does-the-business-model-really-stack-up>



2.1.3 Social media and streaming

As all this was taking place, YouTube was assuming increasing significance as an ad-supported free music streamer. Subsequently, social media platforms such as Instagram, Twitter, Facebook, and more recently TikTok (which signed an agreement with the USA's National Music Publishers' Association, NMPA, in 2020), entered the streaming landscape. Much social media and YouTube streaming is viewed⁹ as undermining royalty payment regimes, because the social media platforms often employ 'safe harbor' provisions¹⁰. ('Safe harbor' is the US term, but many countries have similar legislation to protect companies acting in good faith from punitive consequences if they violate laws such as copyright because of factors "beyond their control" – which can be argued to include platform users posting music without the rights owners' permission.) Running parallel with, but not directly resulting from, the Covid period, recent years also saw a weakening of multilateralism (seen, for example, in Brexit, and the Trump foreign policy period) one of whose knock-on effects was weakening the implementation of international legislation including that against intellectual property piracy. All this is significant in the light of findings of the Music in Africa Foundation survey of southern African musician revenue streams. Covering a 24-month period beginning before the pandemic, the survey found that social media had become musicians' key marketing channel; it facilitates access to audiences but, once the music is out there, may erode control and potential earnings.

2.1.4 Contested concepts of industry, work and revenue

All these new, streaming-related, digital linkages contributed to the ongoing industry-wide transformation of the music industry from "pipeline-like value chains to networked configurations"¹¹. The dominance of streaming further raises an important debate about what kind of music activity streaming actually is, and what the implications of that are for both copyright regimes and music workers' wages and conditions of employment, whether formal or in the gig economy. The United Nations World Intellectual Property Organisation (WIPO)¹² has stressed the need to think of streaming in terms of "musical work" (i.e. from a creator who has laboured to make it) rather than as "product/content" detached from its creator(s). The UK House of Commons *Economics of Music Streaming*¹³ report reinforces this concern, commenting that while record labels and streaming platforms draw their analogies with a product-for-sale model, streaming also shares some characteristics of publishing, rental and broadcast, all of which have different revenue and IP protection models. The WIPO¹⁴ argues in a similar vein that the traditional division between interactive and passive music consumption on which payment regimes rest is no longer valid: streaming is a hybrid consumption model.

2.2 Streaming in South Africa

As with other web-based services such as internet banking, South Africa was by no means an early adopter of music streaming but became a relatively fast follower. As recently as a dozen years ago, the importance of physical music products remained significant, and there were copyright-related legal barriers to music streaming on demand into South Africa (though digitally-adept users often managed to circumvent these). Government policy discussions often focused on physical (cassette and CD) piracy long after these had ceased to be important to the music value chain.

⁹ <https://www.musicinafrica.net/magazine/music-africa-releases-report-sa-music-revenue-streams>

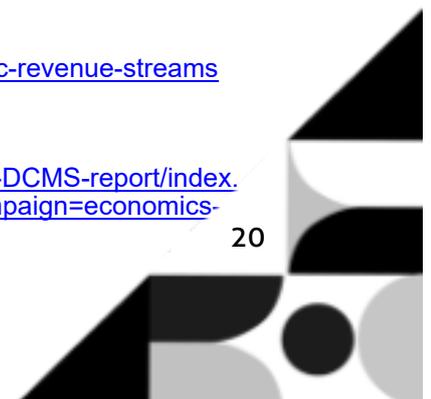
¹⁰ https://www.wipo.int/meetings/en/doc_details.jsp?doc_id=540735

¹¹ <https://en.unesco.org/creativity/global-report-2018#wrapper-node-14115..>

¹² WIPO op. cit.

¹³ https://ukparliament.shorthandstories.com/music-streaming-must-modernise-DCMS-report/index.html?utm_source=committees.parliament.uk&utm_medium=referrals&utm_campaign=economics-music-streaming&utm_content=organic

¹⁴ WIPO op.cit





A selection of posters from concerts supported by the CSA Digital Mobility Fund

By the mid-20-teens, however, streaming revenues from recorded music – predominantly going to international platforms such as Apple Music and Google Play – were doubling and trebling year on year, mirroring the expansion of smartphone ownership, and later, the increasing accessibility of broadband. Locally, the first significant enterprise had been a partnership between German streamer Simfy and South Africa's Primedia-owned Exactmobile to create South Africa's first official, subscription music streaming platform, Simfy Africa, in early 2012. (At the time of writing, Simfy is a subsidiary of MTN.)

Simfy had an international playlist base, though with a deliberately curated African component. As legal constraints loosened, other streaming platforms also formally entered the market, including more local companies streaming predominantly live and pre-recorded South African music performances. Examples include the pioneering Skyroom Live, now a decade old, and WatchaTV, established in 2015. However, the Covid pandemic triggered the experimental entry of more live streaming platforms, particularly former venues for whom pandemic restrictions closed off the prospects of earning from live shows. Selected representatives of these cohorts – both the well-established and the post-2019 new entrants – formed the population investigated in the 2020 *Digital Futures* snapshot survey.

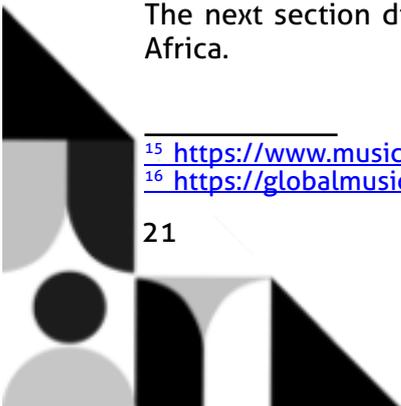
The fortunes of these businesses proved highly variable during the pandemic period. Some survived, some did not, and many new entrants continued to test the waters. Individual musicians isolated by lockdown also began streaming the work they created. But streaming music remains a novelty – and an expensive, sometimes inaccessible one – in many South African communities lacking money, electric power, and signal access, and it was not until late 2021 that RISA (the Recording Industry of South Africa) considered it significant enough to launch national chart rankings including digitally streamed music¹⁵.

Streaming revenue in sub-Saharan Africa continued upward growth by 9.6% during the pandemic period, but growth in South Africa was much slower at 2.6%¹⁶, possibly because Covid cut the disposable income that supports music consumption, while the more affluent market in South Africa that can afford online music access may already be approaching saturation.

The next section discusses how Covid impacted streaming, internationally and in South Africa.

¹⁵ <https://www.musicinafrica.net/magazine/sa-risa-launches-official-digital-streaming-charts>

¹⁶ <https://globalmusicreport.ifpi.org/>





A selection of posters from concerts supported by the CSA Digital Mobility

2.3 The impact of the Covid pandemic on the streaming ecosystem

2.3.1 Societal and music community impacts

The devastating impact of Covid-19 on society worldwide and on the arts/music community has been explored extensively by research outside this project (for South Africa, most notably in various South African Cultural Observatory (SACO) reports over the period¹⁷) and is not within the scope of this study. However, it is worth noting that the concomitant losses of livelihood, losses of disposable income, restrictions on travel and gatherings, changed patterns of home working, increased borrowing and selling-off of creative resources and more, impacted on music production and consumption and inevitably on the streaming landscape too.

One important question is what the 'new normal' will be as the acute phase of the pandemic is replaced by endemicity and live music activities resume. What changes will survive and intensify and what will be their impact on music-makers and music lovers?

2.3.2 Intensifying existing trends

Most research agrees that the pandemic period produced an intensification of trends in music-making, distribution and consumption that had been apparent in the pre-Covid period. Sales of physical music products and digital downloads continued falling as consumers worldwide moved from a music-ownership to a music-access model. The International Federation of Phonographic Industries (IFPI) estimates that streaming now commands 65% of global music revenue, with a 21.9% growth in paid streaming¹⁸, 4% in rights payments and 22% in synchronisation payments (music used in film, advertising, etc). In the context of a strong general downward trend over preceding years¹⁹, however, IFPI noted a 16% uptick in sales of physical product in 2021/2022.

¹⁷ Most recently in: <https://www.southafricanculturalobservatory.org.za/download/comments/803/1aa48fc4880bb0c9b8a3bf979d3b917e/Measuring+the+impact+of+the+COVID-19+Crisis+on+the+Cultural+and+Creative+Industries+in+South+Africa+One+year+on>

¹⁸ IFPI op. cit.

¹⁹ <https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0267640#:~:text=Due%20to%20the%20COVID%2D19%20outbreak%2C%20total%20market%20consumer%20spending,after%20the%20COVID%2D19%20outbreak.>

Aggregating findings from several international studies and reports²⁰, a summary of other trends during the Covid period points to:

Music consumption

- More music consumers using home apps on televisions and smart devices. Covid, noted *Rolling Stone* magazine²¹ "made YouTube the world's biggest stage."
- Cuts in advertising spend (which impacts ad-supported streaming services)
- A fall in overall monthly consumer spending on music purchases (?) and music consumption in hours. Much of this may relate to the unavailability of live shows, but, in terms of hours, also to competition from movies and other online on-demand products.

Music production

- Artists working remotely from home and relating directly to fans (an activity predominantly supported by premium streaming platforms; otherwise via artists' self-supported social media).
- Breakdown of genre and category barriers in favour of cross-disciplinary work, leading to longer production timeframes for these more complex, digital-native formats, which are less accessible to many makers and consumers.
- Fewer opportunities to work with community groups.
- Less access to physical archives and resources and to co-creating live in real-time.
- Pressure from funders for artists to fit into programme-led "matchmaking" for collaborative projects designed by the donors.

Music mobility

- In-person mobility continued to some extent, but Covid impacted all along the music industry value chain (eligibility, travel/visas, formats).
- Specific countries – particularly in Africa – experienced intensified restrictions because of stereotyped perceptions of their health situations.
- "If online was a country it would have been the largest mobility destination in 2021"²².

The nature and value of music

- Changes in consumer routines creating a demand for music that is "more relaxing" and for "shorter and snappier" songs in a disaggregated – song-led, not album-led – economy.
- Average payouts per stream have declined long-term, leading to a devaluation of music.
- Playlisting algorithms form barriers to audiences accessing all but mainstream music, hampering the sustainability of cultural diversity.

The WIPO streaming report suggests currently dominant digital regimes have been undermining human rights aspects of music (the right to benefit from IP and the right to embody and transmit culture), signalling an intensified "devaluation and commoditisation of culture ...out of step with, if not antithetical to, cultural goals."

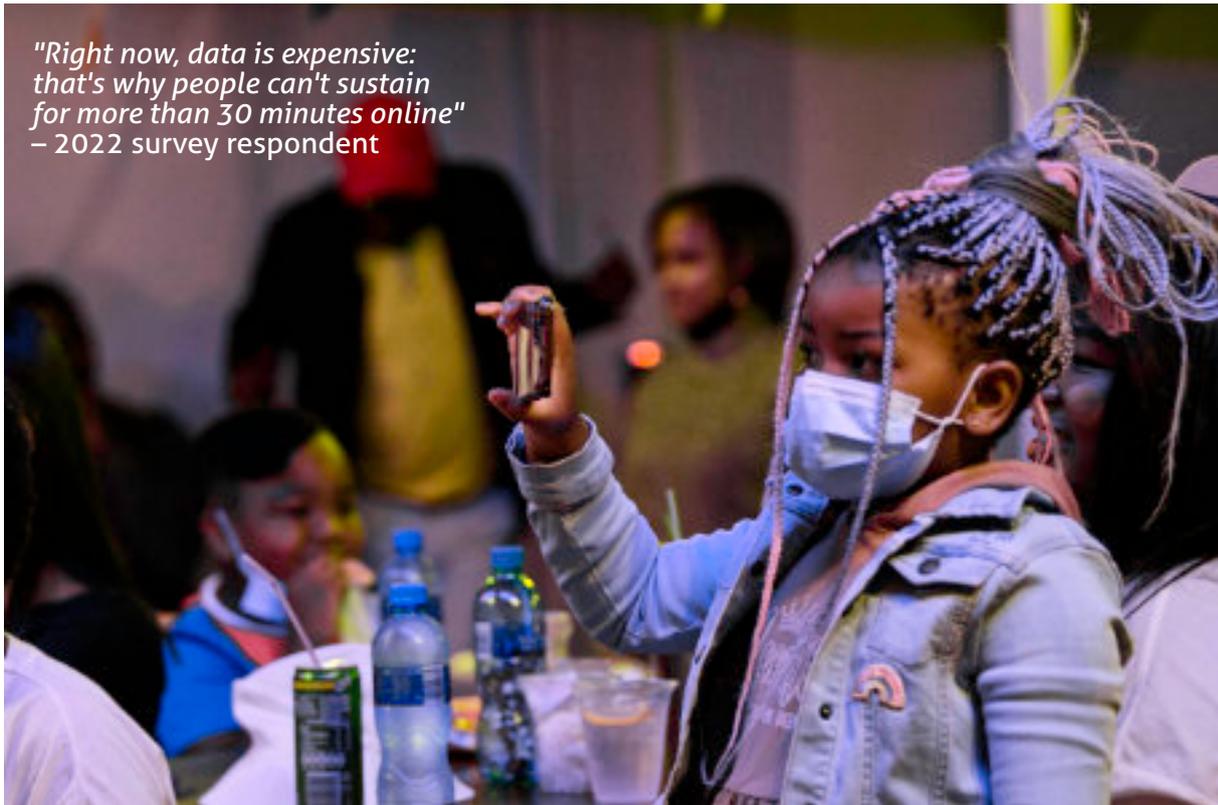
²⁰ WIPO, OntheMove, PlosOne, UK House of Commons, Report for Musicians all op. cit.

²¹ <https://www.rollingstone.com/pro/features/youtube-spotify-music-payouts-1179712/>

²² OTM Yearbook 2022 op.cit



*"Right now, data is expensive:
that's why people can't sustain
for more than 30 minutes online"*
– 2022 survey respondent



*A young audience member captures a Digital Mobility Fund concert on her cellphone.
(Photo: Hugh Mdalose, 2022)*

2.3.3 Does streaming offer a positive long-term income alternative for musicians?

Streaming has long been acknowledged as offering enormous positive potential to music-makers: increasing access to a world audience; making possible diverse collaborations without environmentally-destructive travel, and using enhanced digital formats to inject the sense of emotional engagement that non-live formats are perceived to lack. One UK report from the Covid period²³ reports approvingly that this has, to some extent, been happening during the pandemic. Audiences have been willing to pay for quality streams. Nevertheless, the same report declares that while streaming is "here to stay" as part of hybrid earning models, it can only ever be a supplementary, not a main, source of income for musicians.

Why is this the case? Some of the answers relate to the resource base off which musicians are doing digital work, and that is particularly the case for musicians in developing economies such as South Africa. However, two major international reports and several books and smaller studies published during the pandemic period – references to all of which can be found in relevant sections of this document and in the bibliography – suggest that is only part of the story, and that the streaming economy is rigged from the start against music creators, with potentially damaging effects for the future of music-making worldwide.

²³ <https://grassrootsmusicnetwork.org/live-streaming-music-uk-a-report-for-musicians/>

Contextual factors first. The On The Move (OTM) 2022 Cultural Mobility Yearbook²⁴ points to aspects that make the apparent openness of digital access (?) "deceptive". Factors such as the dominance of the English language, lack of ICT skills and access to equipment, facilities and even connectivity and electricity constrain musicians in many places. The existence of the digital divide – already well-documented for South Africa – and power supply issues, mean many potential streaming audience members lack access to a "stable signal for a 90-minute performance". A 2022 UNESCO report²⁵ points to the risks of the digital platforming of cultural activities. The concentration of platforms and unsustainable payment models will actually worsen the inequalities that have already been created by the digital divide, unequal internet access and patchy digital literacy. A whole book *The Digital Continent* by Anwar and Graham²⁶ focuses on the African continent, describing uneven opportunities for digital access between countries and between urban and rural areas, and its high cost as a proportion of income. In South Africa, as *Digital Futures? in 2020* noted, a plethora of self-made, quality-constrained streams created by poorly-resourced musicians and enterprises struggle to compete with high-budget, high-end, and often overseas music products.

Despite all this, work creation and learning through streaming are certainly possible. Funding from the Concerts SA Digital Mobility Fund (DMF) in South Africa supported over 300 concerts through four funding rollouts by February 2022 when pandemic restrictions began easing. These created not only 3 311 work opportunities, but in-process experiential training for those involved, better equipping them to continue working as exclusively online music shows transitioned to hybrid events²⁷ over the latter months of the funding period.

While many DMF musicians ticketed their performances, their fees were predominantly covered from funding support and did not depend on those ticket sales. This parallels broader findings on sources of streaming income for musicians, for example, the Music in Africa Foundation revenue study²⁸. That study reported that, in a research period that also took in some pre-Covid experience, while an average of 30% of musicians' revenue had come from live performance, a greater percentage (38%) had come from grants and funding. Live performance income remained important; among those musicians reporting additional revenue from providing other services, it was renting-out equipment (which depends on performance or recording opportunities) that formed the single largest source. The highest artist earnings were reported in urban and peri-urban areas which offer more live performance opportunities.

Streaming in this context thus demonstrably provides both work and experiential training. But its ability to earn musicians anything more than supplementary income without donor support remains unproven. In our survey, only 1% of those respondents engaged in streaming reported it as their sole activity.

Major, recent international work takes the conversation further. The problems do not simply impact developing countries in Africa, and those problems reflect longstanding music industry inequalities, resurfacing in a new form for the digital age.

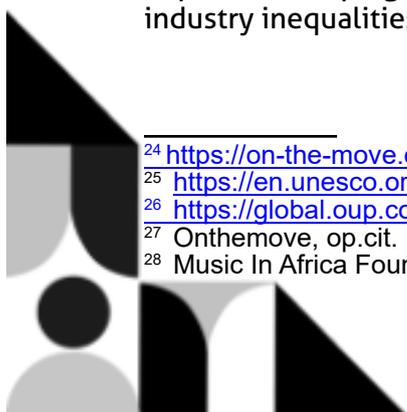
²⁴ <https://on-the-move.org/resources/library/cultural-mobility-yearbook-2022>

²⁵ <https://en.unesco.org/creativity/publications/2022-global-report-reshaping-policies-creativity>

²⁶ <https://global.oup.com/academic/product/the-digital-continent-9780198840800?cc=us&lang=en&>

²⁷ Onthemove, op.cit.

²⁸ Music In Africa Foundation op.cit



In the UK, two official reports, the House of Commons committee report *The Economics of Music Streaming*, and the UK Intellectual Property Office *Music Creators' Earnings in the Digital Era*, both point to the structural inequalities in the streaming ecosystem. In addition, WIPO published a *Study on Artists in the Digital Music Marketplace: economic and legal considerations*, which analyses both specific and general cultural impacts.

The Intellectual Property Office report finds that only 0.4% of UK musicians could make a living solely from streaming. The House of Commons committee report points out how the system disadvantages niche music, composers (whose contribution may consume more time than performance for a single track), music support providers, and the non-featured ('support') artists who are a "critical pipeline" for new talent. The report states that because of these multiple impacts, "the pitiful returns from music streaming impact the entire creative ecosystem."

WIPO also points out the sidelining of composers, non-featured performers, "non-mainstream genres and non-Western musics". Despite the rising valuation of major streaming platforms, the report states: "there has been no trickle-down to performers." Even featured performers unsigned to a label, who can recoup 100% of their streaming royalties, end up with an unsustainably small income.

The payment algorithms of a platform normally centralise earnings from all stream payments before re-dividing them according to market share and other criteria, so that subscribers often subsidise music they may not have listened to. By contrast, WIPO lists significant, additional, data-driven benefits that the platforms reap. The value of these is excluded from payment calculations. The platforms benefit from data-related fees, the sale of users' data (a growing source of value), playlist branding fees and earnings related to company valuation and share trading. Analysing data on the consumption of original, artist-created content also assists the platforms and other contractors to generate their own, wholly-owned (sometimes with onscreen avatars as performers) music content, from which they exclusively benefit. One such contractor declared: "We are working towards the ability to have a computer come up with and perform its own words – and even collaborate with other computers as 'co-writers.'"²⁹

Using artist-created content as a source of profitable data is only one instance of the way platforms outsource work to creators and consumers without payment. Creating quality streamed content requires an artist to invest in equipment or facilities; investment that diminishes real earnings. Streamed artists are expected to conduct their own PR: "The secret for artists," instructed Spotify's Daniel Ek, is "putting the work in... keeping a continuous dialogue with your fans."³⁰ Ways of allowing consumers to support the artists they actually listen to – the micropayment 'tipjars' on some sites – shift the burden of paying artists for content to music consumers, while the platforms often take a percentage of the tip as a processing fee. (Nevertheless, one study³¹ suggests musicians find them the most beneficial payment system among a poor set of options.)

²⁹ <https://www.theguardian.com/music/2022/aug/24/major-record-label-drops-offensive-ai-rapper-after-outcry-over-racial-stereotyping>

³⁰ <https://musically.com/2020/07/30/spotify-ceo-talks-CovidCOVID-19-artist-incomes-and-podcasting-interview/>

³¹ <https://grassrootsmusicnetwork.org/live-streaming-music-uk-a-report-for-musicians/>

One research contribution³² sums up the situation like this:

"Monetisation for musician-led streaming has taken the form of pay-per-view, crowd-sourcing, tip-jars or other pay-what-you-want models. None of these replace the relative stability of a guaranteed gig fee and place all risk on the musician, [as well as] the onus on forging and capitalising on direct relationships with their audience – a more than passing resemblance to busking."

At present this presents a potentially profitable environment for investors, if not for musicians. However, the advantages gained by the streaming model, and intensified during Covid, face some future uncertainties. Subscriber growth could plateau if the impact of Covid in stimulating sign-ups to streaming services has already captured a majority of those in any market who can afford to subscribe. While developing economies present future opportunity that requires healthy recovery from the income and earnings shocks of the pandemic, lower levels of disposable income will continue to prevail in settings such as South Africa. The ability to pay only lower levels of subscription will result in more subscribers – but a limited rise in revenue. Additionally, developing-country subscribers may have different subscription preferences.

What is more, the upward trajectory of more affordable short-form video/social media platforms that provide music and, increasingly, exclusive content, offline play, no-ad play and background play is also a threat. It offers fierce competition to the current dominant platforms and their record label business collaborators. Platforms suffering revenue loss, for all or any of these reasons, are motivated to seek ways of further reducing payments to creators.

While these international perspectives may seem distanced from South Africa, that is not the case. Local consumer spending on audio and video streaming increased by 70% during the Covid period up to mid-2022³³, with the largest segment of streaming consumers (40%) still drawn from the highest income groups³⁴.

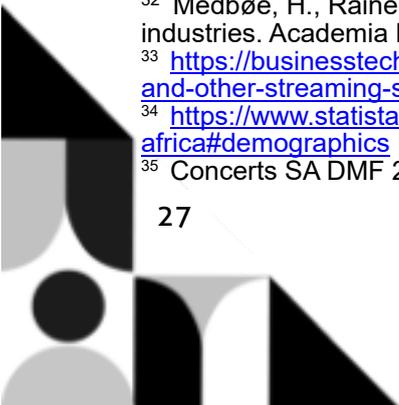
Most music streamed in South Africa is sourced from international platforms (Alphabet, Amazon and Apple. Spotify is the smallest because it had most recently arrived: only in 2022). The "Big 3" record labels, Sony BMG, Warner and Universal are strongly present in South Africa, both in their own right and through their interests in imprints many consumers assume are South African. As only two examples: a relationship with Gallo that ended in 2013 gave Warner rights in the works of many South African legacy artists, supplemented by its own signings as (now) Warner Music South Africa; a contender for the title of "Big Fourth" label, New York-based Downtown Music Holdings, acquired Sheer Music Publishing in 2020. In interim reporting for the Concerts SA Digital Mobility Fund, fewer than half of the events supported posted their streams on South African platforms: 17 out of 29 platforms used were international.³⁵ The structures and processes of, and relationships between, these major international players and the changes taking place in their landscape are thus very much relevant to streaming in South Africa.

³² Medbøe, H., Raine, S. (2021). Reflections on an imperfect normal: A letter to the future music industries. Academia Letters, Article 125. <https://doi.org/10.20935/AL125>

³³ <https://businesstech.co.za/news/banking/606008/big-jump-in-south-africans-signing-up-for-netflix-and-other-streaming-services-but-its-a-slow-goodbye-to-dstv/>

³⁴ <https://www.statista.com/outlook/dmo/digital-media/digital-music/music-streaming/south-africa#demographics>

³⁵ Concerts SA DMF 2022 Draft interim reports.



CHAPTER 3: METHODS



3.1 Questionnaire

The first *Digital Futures?* study had derived its data predominantly from qualitative interviews with already-known streaming sector stakeholders, supplemented by desktop research, to deliver a limited initial snapshot within a short timeframe. This was necessary to guide Concerts SA's urgent repurposing of its own live concert support mechanisms to provide meaningful assistance under Covid lockdown conditions.

Aware of these limitations, however, and with a longer timeframe available, this current, second study opted for a much broader reach to identify new entrants and streaming activities and entities not previously known. A questionnaire comprising highly structured items, but with a number of more open, unstructured follow-up items, was developed through reflection on the instrument used in the first study, information-seeking and testing and refinement of trial items within the research team and among its associates. The text of the final questionnaire is available³⁶. The questionnaire was circulated widely online and via social media, with three weeks allowed for responses, a closing date of 23 February 2022, and a reminder call-out posted a week before the closing date.

3.2 Survey population

For the purposes of the study, the term 'live streaming' was defined as encompassing all activities related to the creation and dissemination of music content for online consumption, including both actual live streaming and making available video-on-demand of pre-recorded material, providing wide scope to seek experience from diverse people who had contact with it. The survey population was the music-involved individuals contained in the IKS/Concerts SA databases, which had proved in previous research projects to offer representative reach into most areas of the South African music ecosystem, and thus most areas where streaming might be undertaken. The researchers were aware this population also included many for whom streaming might not be relevant, but experience with previous surveys indicated such recipients simply opt out. More importantly, this extensive reach made it possible to discover more music-involved individuals and entities who might be streaming but whose activities in this arena we were not previously aware of.

An additional call-out to sub-populations the research team suspected to be less well represented in these lists – particularly the concert music and traditional music sectors – was placed in the online newsletter of the South African Society for Research in Music (SASRIM); this newsletter item directed any potential participants to the questionnaire link. Further, music news and research platform the Music in Africa Foundation published a similar notification of and link to the survey in its own newsletter, both with editorial adaptation of the same text, which described the first *Digital Futures?* research project and the rationale for the second, and appealed to those involved in music streaming who had not already been contacted by the researchers to complete the survey via its online link.

A total of 728 questionnaires were distributed: an initial 718, with a further 10 added, in response to individuals who had heard of the survey through other channels such as SASRIM, the Music in Africa Foundation and personal contacts, and who contacted IKS to inquire how they could participate. The call-out reminder was sent to all 728. A total of 279 responses was received.

The quantitative analysis is based on 279 complete questionnaires received. Of the 266 responses submitted to the items concerning livestreaming in the past 12 months, 119 had livestreamed within this period, while 147 had not. Those reporting they had streamed during the period represented slightly under 45% of all respondents. For individual

³⁶ <https://iksafrika.com/streaming-models-survey-2022/>

questions in the survey, the response rate was consistently between 90% and 100%, conferring a high degree of validity on the data reported and discussed below

3.3 Outlier responses

A handful of responses, to both structured and unstructured items, lay far outside the parameters of the information the survey was seeking, were unclear or ambiguous, or reflected significant misunderstanding of content or context (e.g. the categorisation of what was self-described as a tiny business entity as a JSE-registered company). These kinds of responses predominantly averaged below 1% of total responses to any single item. Consistent with standard practice, where the numbers of outliers were not statistically significant, they were removed or grouped during analysis to avoid skewing the data. However, in the minority of cases where a larger number of responses were classified as outliers, a category of "other" was created to present these.

3.4 Qualitative responses

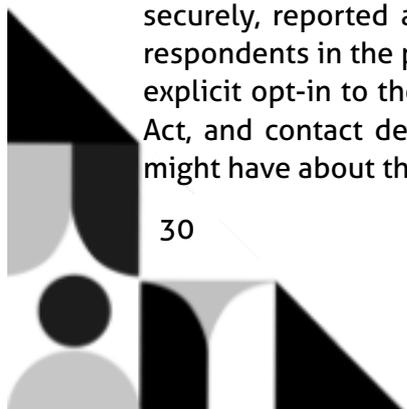
Several questionnaire items sought open, reflective responses of the "tell us more" type in addition to the structured responses. The unstructured responses were manually coded. A first, detailed analysis employed an inductive approach to develop codes. Subsequently, a latency lens was applied to the codes to form thematic groups and categories from highly variable forms of answer. The first stage highlighted dominant themes per question; the second, the over-arching concerns reflected in open responses across questions. A third process then selected representative verbatim quotations from respondents' answers.

As one example, expressions such as "I don't know about [X technical aspect]"; "I need to know more about [x]"; "I need to be trained in [x]"; "Support for learning about [X]"; "Tell us about [x]"; and responses analogous to these, cropped up across multiple responses to several different questions. All clearly reflect a desire for information provision and training and were so grouped. South Africa is a multilingual environment, so precise English-language wording in response to open questions is not a realistic expectation. However, the unstructured responses also provided vivid, grounded and sometimes quirky perceptions of experience – one respondent, for example, expressed a desire for "more pushment": a combination of "push" and "encouragement" – and have been used illustratively throughout the text.

The coding work was conducted independently from the processing of structured items, by another researcher, and then shared with the whole team, who also contributed observations about the analysis that emerged. How these qualitative responses further nuance some data is discussed in Chapter Six.

3.5 Ethical safeguarding

The status of the data collected – the uses to which it would be put, that it would be kept securely, reported anonymously and held only for as long as required – was set out for respondents in the preamble to the questionnaire. An initial question required participants' explicit opt-in to the process as specified by the Protection of Personal Information (POPI) Act, and contact details of IKS were provided for any questions or concerns participants might have about the process.



CHAPTER 4: OVERVIEW OF RESPONDENT POPULATION



Njabulo Nkabinde performs at his Revive Sessions #CSA DMF 2022
(Photo courtesy of the artist)

Of the 279 complete responses to the survey, the majority were sole providers/independent contractors (56%) and 27% were small, medium and micro-enterprises (SMMEs). Non-profit companies comprised 16% of the sample. It is important to note that there is considerable overlap in the organisational categories presented. It is possible to be a sole proprietor/provider and an SMME, and as such, in future studies, care should be taken to explain and explicitly differentiate organisational *form* from organisational *role*.

4.1 Respondents' Organisation Type

Just over half (56%) of the respondents reported that they are sole providers/independent contractors and 27% reported that they are SMMEs. Non-profit companies represented 16% of the sample.

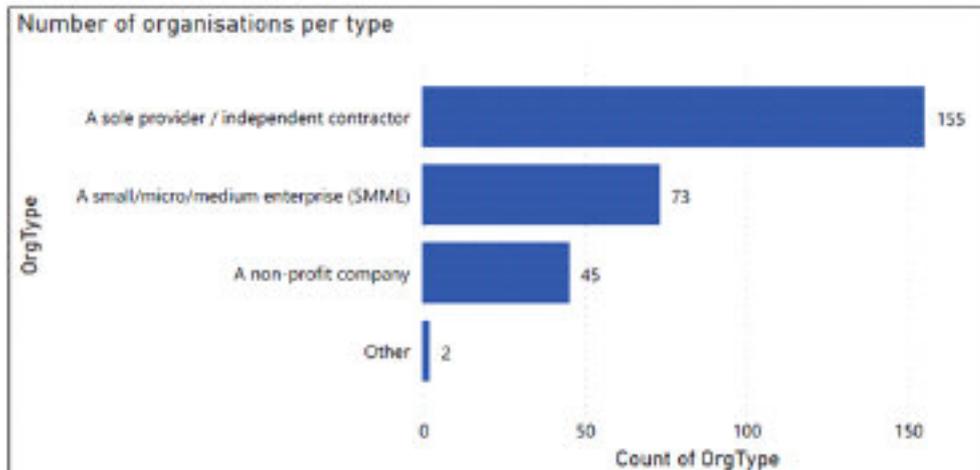


Figure I: Respondent Organisation Type (N = 279)

When asked about number of employees, the 65 respondents who replied indicated that as SMMEs, 86% employed less than 10 employees and 9% employed more than 10 employees. Unsurprisingly, sole proprietors/providers³⁷ reported very low levels of employment, 3% reported employing less than 10 employees and 1% reported employing between 11 and 50 people.

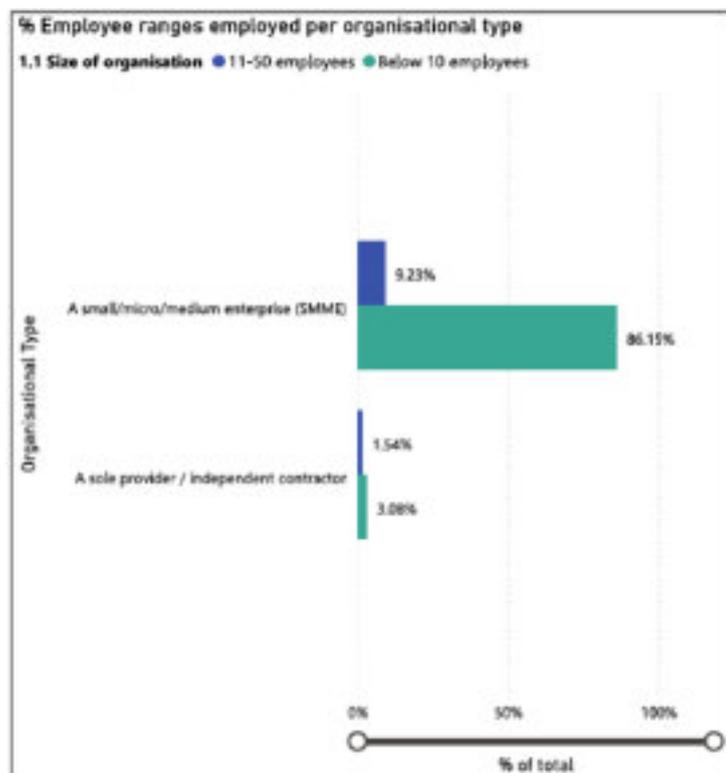


Figure II: Respondent Employment Level by Organisation Type (N = 65)

³⁷ South African tax law defines a sole proprietorship as “a business that is owned and operated by a natural person (individual)”.

4.2 Respondents' roles

Respondents covered a wide range of roles in the music value chain, with the majority (40%) comprising artists, followed by directors/managers (17%), executives/CEOs (17%), producers (13%) and owners of music enterprises (12%). This profile is consistent with the large numbers of sole providers/proprietors, predominantly artists, who responded to the survey.

Additionally, it reflects how the industry functions with a smaller number of service-providing 'hub' businesses (e.g. studios, venues, sound engineering and other music-related activities), serving much larger clusters of music creators, the majority of whom are individuals.

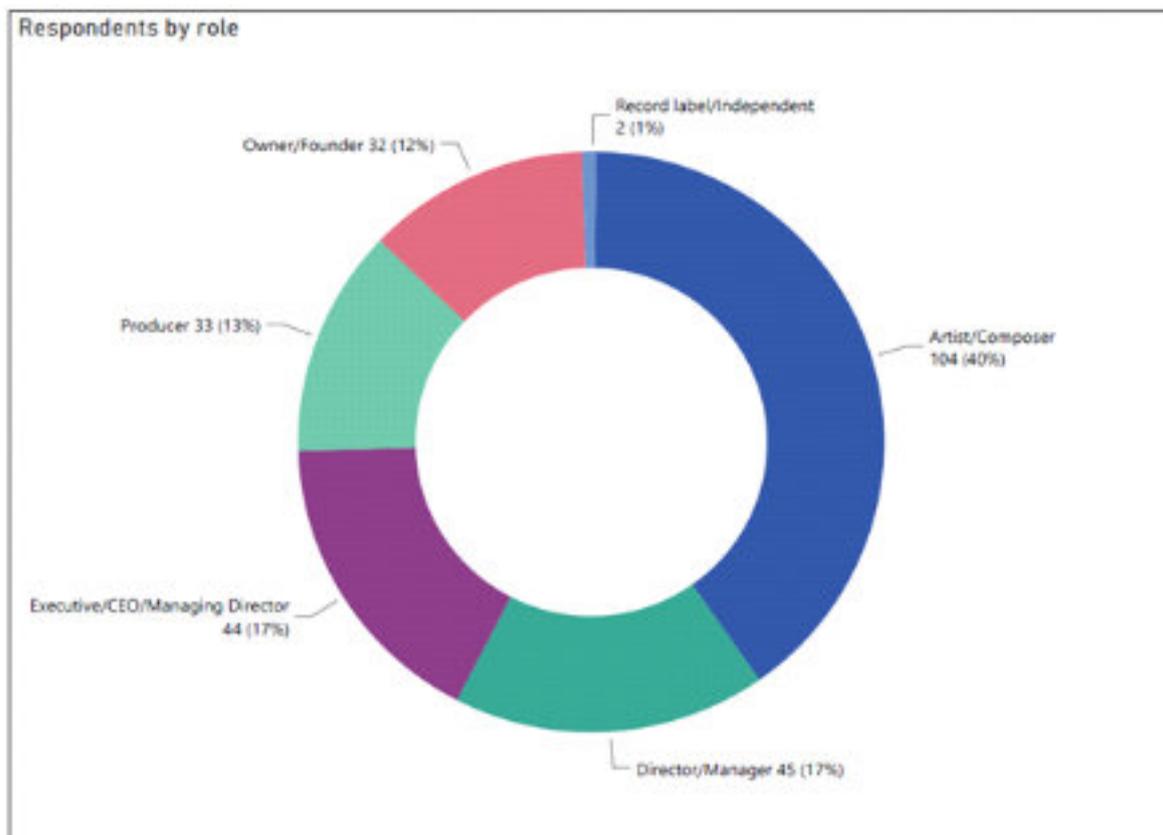
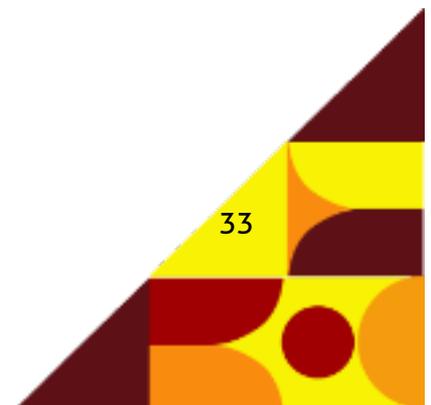


Figure III: Respondents by role in their organisation (N = 260)



4.3 Provincial Location of Respondents

Respondents were based in all South Africa's provinces. Consistent with the geographic profile of the South African music industry, in which Gauteng-based music activities dominate, the majority of respondents (39%) reported being based in this province, followed by KwaZulu-Natal (19%). Interestingly, the Western Cape, the 3rd largest agglomeration of the sector (based on the most recent cultural study released by SACO³⁸) was not a significant base for survey respondents. 8% of respondents reported being based in Mpumalanga, 7% the Eastern Cape, Limpopo and the Western Cape, followed by North West at 6%, the Free State at 4% and the Northern Cape at 2%.

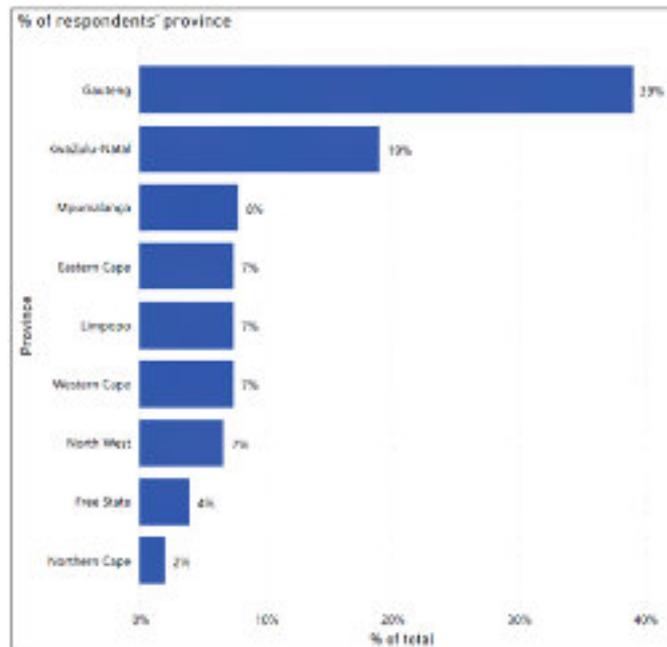


Figure IV: Respondents by provincial location (N = 259)

Livestreaming activities over the 12 months prior to the survey were widespread, with respondents from all 9 provinces reporting streaming activities. On average between 42% and 45% of respondents in each province were involved in livestreaming. However, levels of activity were particularly low in Limpopo with only 17% of respondents reporting that they were engaged in streaming.

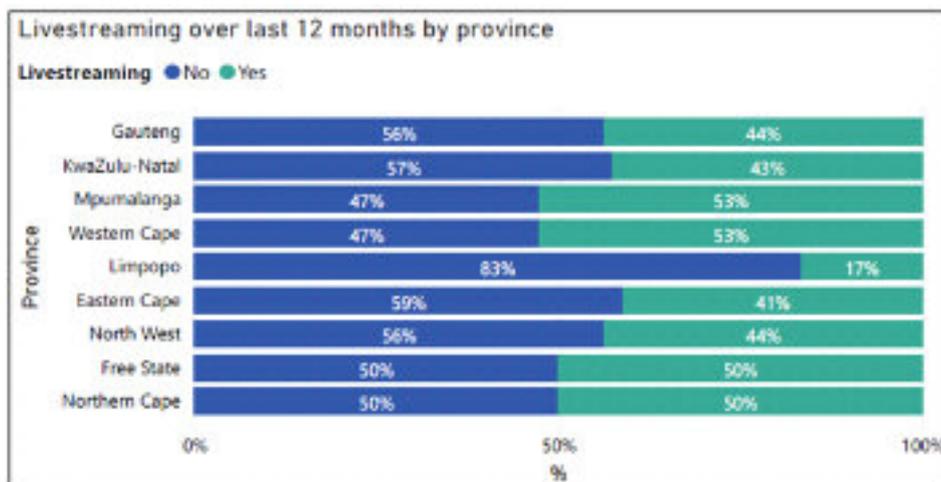
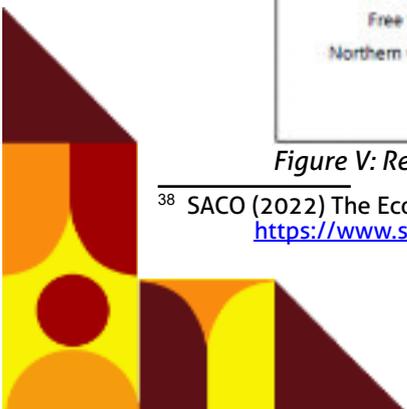
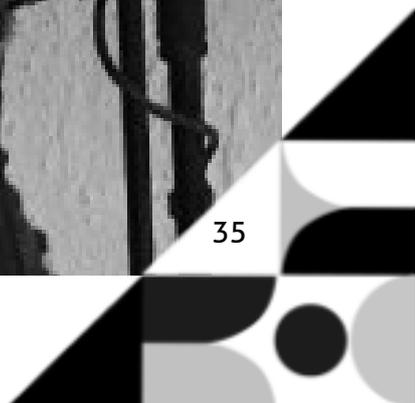


Figure V: Respondents by provincial location and livestreaming activities (N = 246)

³⁸ SACO (2022) The Economic Mapping of the Cultural and Creative Industries in SA 2022, available here: <https://www.southafricanculturalobservatory.org.za/download/974>



CHAPTER 5: SURVEY FINDINGS



5.1 Livestreaming activities

As reported above, and consistent with recent studies on the impact of COVID-19³⁹, a considerable number of survey respondents (45%) reported engaging in live streaming activities in the 12 months prior to the survey.

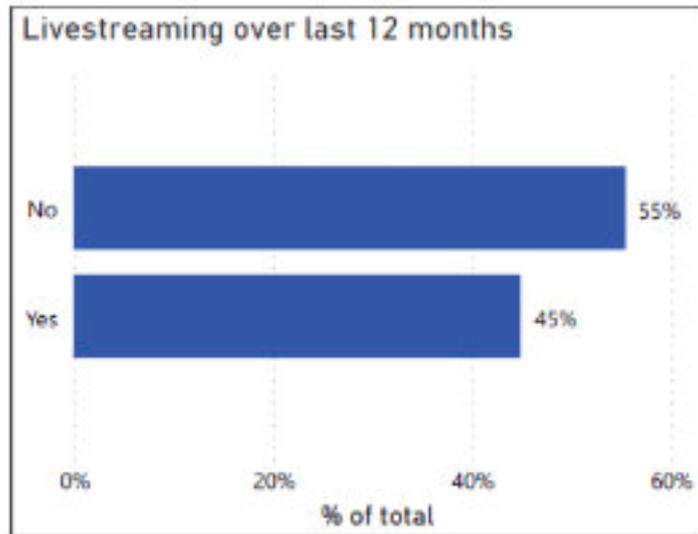


Figure VI: Reported livestreaming activities over last 12 months (N = 266)

There is considerable depth of experience of livestreaming in the South African music industry, with 77% of respondents reporting that they had some involvement in the activity before the coronavirus pandemic and lockdown implemented in March 2020. The disruptive impact of technology on the sector has been consistently documented, and streaming services have been at the forefront of these changes, starting with file sharing service Napster in 1999, as discussed in Chapter Two. In this survey, 41% of respondents indicated that they had been working to create and/or produce content for streaming for over 3 years. Significantly, 19% initiated livestreaming activities in the year prior to the advent of the pandemic, a strong indication of interest in exploring opportunities in digital work.

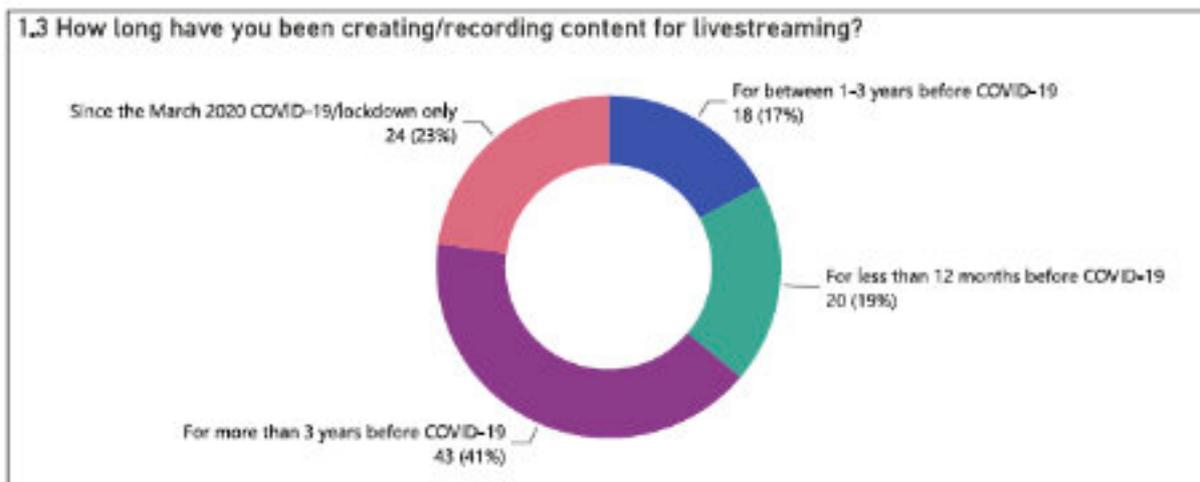


Figure VII: Length of time creating/recording content for livestreaming (N = 105)

³⁹ SACO (2020) COVID-19 Impact Survey Report on the Culture and Creative Industries, <https://www.southafricanculturalobservatory.org.za/content/Covid-19-impact-survey-report-on-ccis>, and SACO (2021) Measuring the impact of the COVID-19 Crisis on the Cultural and Creative Industries in South Africa One Year On, available here: <https://www.southafricanculturalobservatory.org.za/download/803>

There is no doubt, however, that the pandemic created a new impetus to explore digital opportunities; 23% of respondents indicated that they started livestreaming from the lockdown period in March 2020. Among respondents who did not engage in livestreaming activities, when asked to list all the reasons that prevented their streaming, 35% reported that a lack of resources hampered their activities and an equal number cited a lack of equipment. A further 17% cited a lack of revenue prospects preventing these activities, while 9% cited a lack of requisite skills.

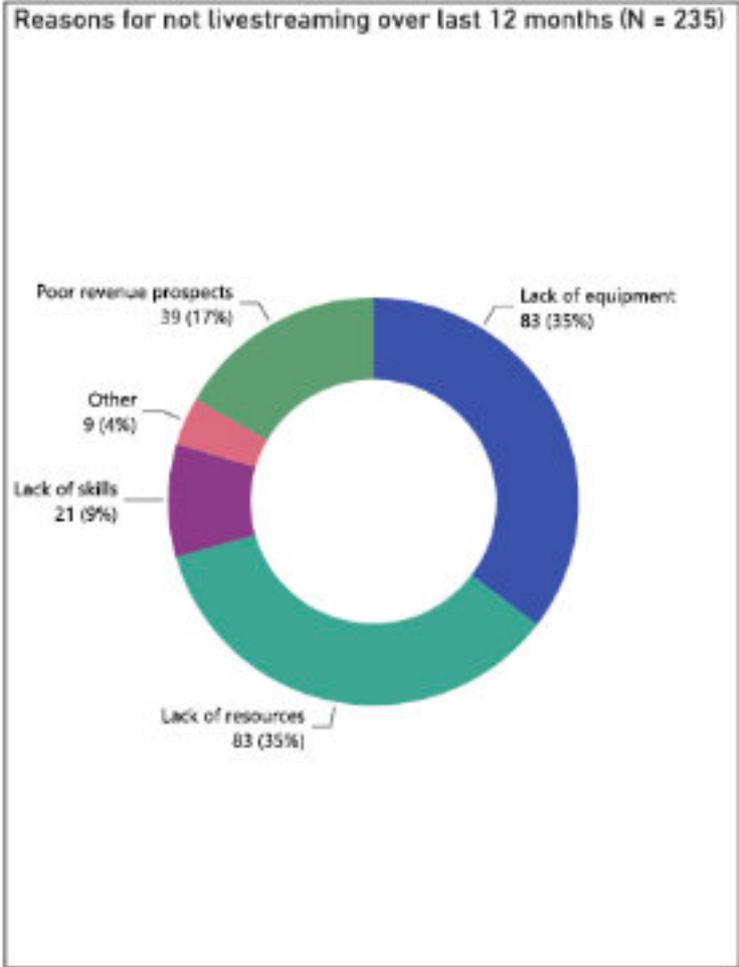


Figure VIII: Reasons for not engaging in livestreaming over the last 12 months (N = 235)

Responding to a question soliciting an indication of all activities outside of livestreaming, the majority of respondents (19%) who had live streamed in the past 12 months indicated that they were performing artists, and 16% indicated that they were involved in recording studio activities. Further, 10% reported engagement in artist management activities, 9% in video production, while 9% were entertainment/rehearsal venues. Only 1% of respondents were not engaged in other music-related activities, an indication that livestreaming work is supplemental to other activities and not, as yet, an actively engaged full time or singular business activity.



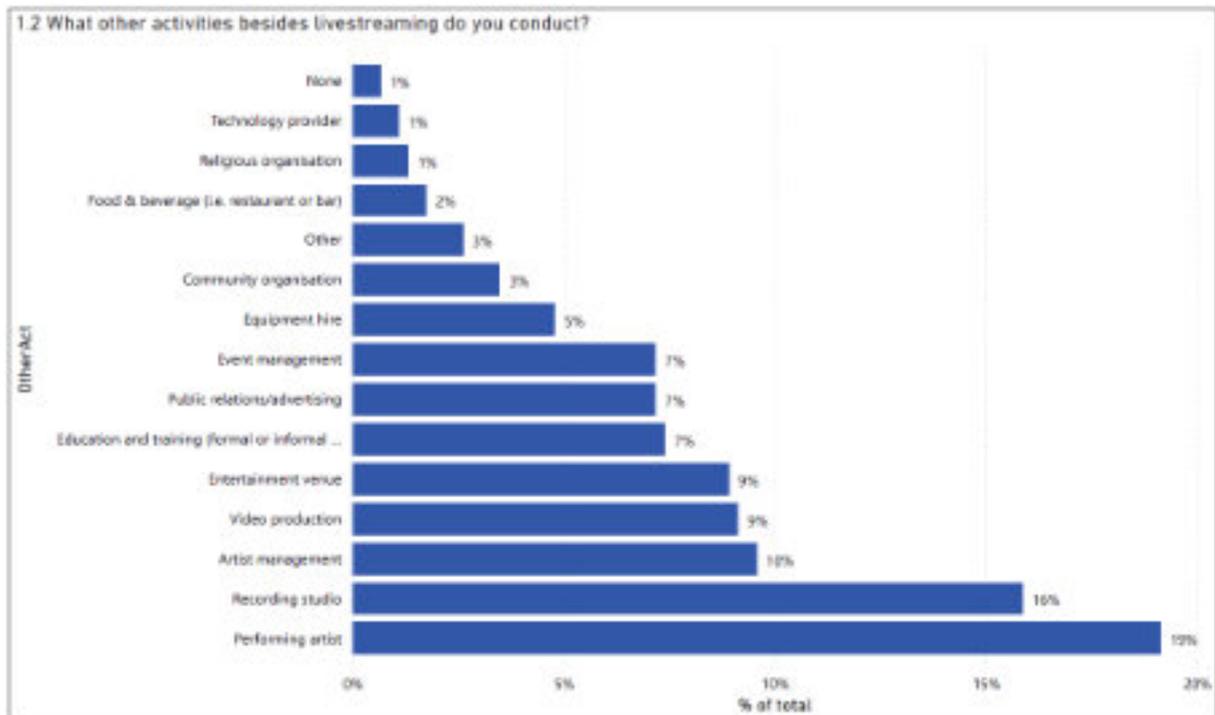


Figure IX: Other activities besides livestreaming (N = 460)

5.2 Livestreaming business models

The survey asked respondents to reflect on their vision for implementing livestreaming projects. A wide range of motivations informed respondents' choices; however, the bulk was market-centric, speaking to growing brands and audiences, and artist-centric, engaging with intentions to promote artists and social imperatives. Stated visions included audience development, artist promotion, followed by creating connections with audiences and brand promotion. Other reasons included fostering collaboration, building awareness of social issues and repurposing content. Consistent with responses throughout, the primary rationale was not revenue generation: very few respondents indicated revenue was the primary reason they engaged in livestreaming activities.

The study found that the time-span of respondents' involvement in livestreaming influenced their rationale and vision for the activity significantly. Those who had been involved in livestreaming for more than three years cited content repurposing, revenue generation and audience inspiration as their primary visions. Those involved in streaming for less time, especially if they had initiated streaming during the pandemic, focused less on revenue and more on access, collaboration and social issues.

Aligned to their stated creative visions, respondents participating in the survey reported a range of different livestreaming business models. In terms of revenue sources, the largest group relied on donor assistance to provide free content to online audiences (27%). Free content - in a variety of modes, including delayed broadcasts via social media platforms - comprised 20% of all business models described.

Ticketed or subscription models together formed 52% of respondent activities: 22% offered content streamed from a venue accommodating a small physical audience to online audiences; and 16% offered a live stream to an online audience with no physical audience. Only 9% of respondents offered delayed broadcast streams to paying audiences and even fewer - 5% - offered content to subscribing audiences.

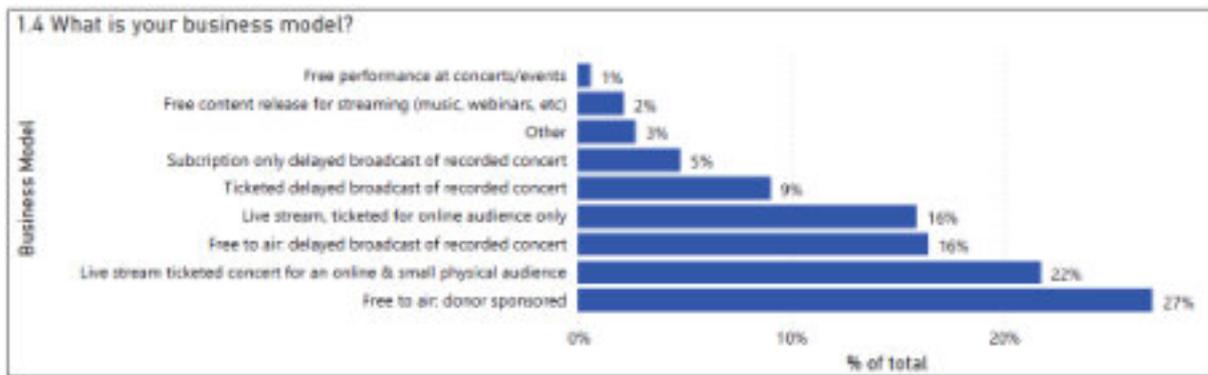


Figure X: Livestreaming business models (N = 189)

When asked about the factors informing their choice of business model, genre and format, respondents reported that a personal sense of obligation or mission informed their decisions (22%), and 21% reported that personal tastes guided their decisions. Revenue potential informed 17% of respondents, organisational mission 14% of respondents, and experience/prior knowledge informed 13% of respondents' livestreaming activities. 10% of respondents reported being informed by their circle of contacts or colleagues in their choice of genre, business model and format.

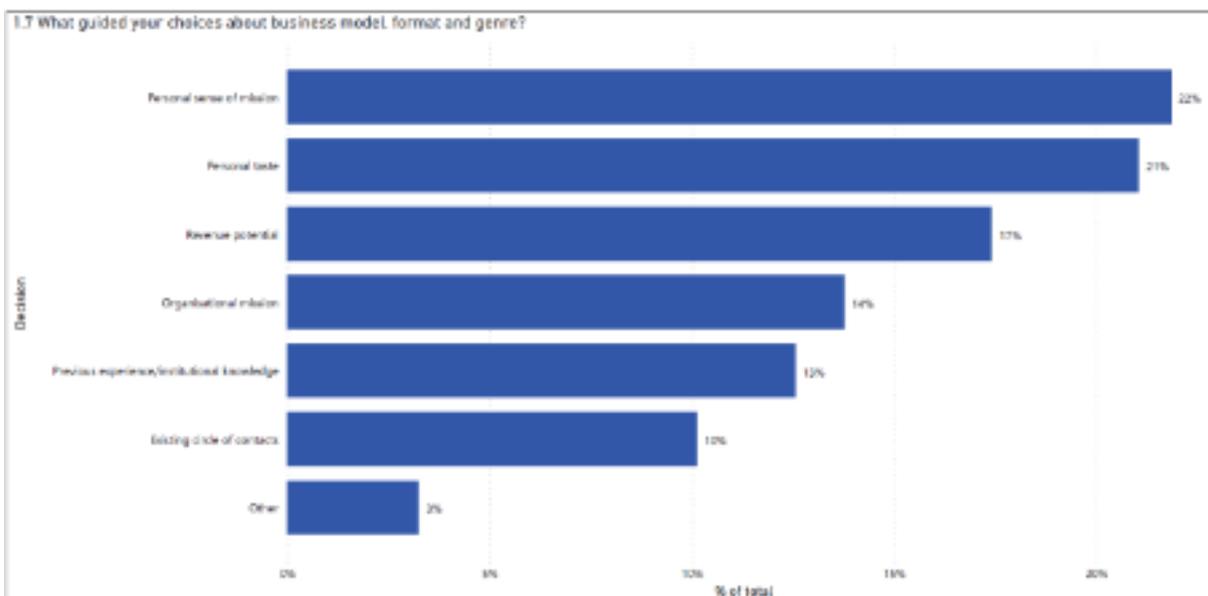


Figure XI: Factors informing choice of genre, business model and format (N = 247)

5.3 Earnings from and audiences for livestreaming

Overall, respondents overwhelmingly rated earnings from livestreaming activities as poor, with 63% indicating that earnings were very poor or poor. 20% rated their revenue from livestreaming as moderate and 10% as good. Only 7% of respondents reported very good revenue from livestreaming. These findings were consistent across all genres of music that survey respondents were active in. These findings are consistent with a growing body of local and international research⁴⁰ finding that, in the main, revenue from online activities is significantly less than that of live performance and that livestreaming has not replaced lost income, merely supplemented existing revenue sources.

⁴⁰ For example, SACO (2020) Impact Analysis: Live Music and Its Venues and the South African Economy during COVID-19, <https://www.southafricanculturalobservatory.org.za/article/sa-cultural-observatory-releases-report-on-the-impact-of-Covid-19-live-music-sector> and UNESCO (2021), Cultural and creative industries in the face of COVID-19: an economic impact outlook, <https://unesdoc.unesco.org/ark:/48223/pf0000377863?posInSet=1&queryId=18d8b725-72cd-4018-ad79-bfdd0ee274e4>

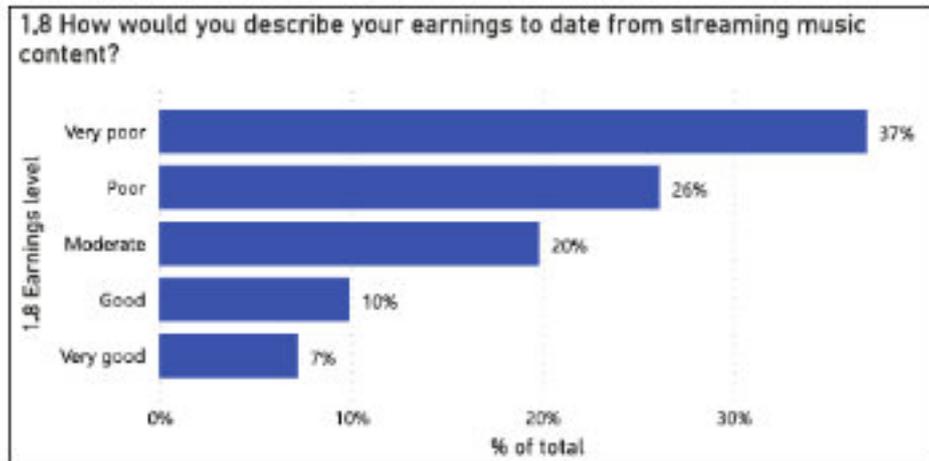


Figure XII: Description of Earnings from livestreaming content (N = 111)

Further, 86% of respondents indicated that revenue in 2021 from livestreaming was the same (45%) or worse (41%) than in 2020. Only 15% reported that income in 2021 was higher than in 2020.

Though no year-on-year comparative data was requested, audiences for livestreaming were regarded more positively by 71% of respondents, with 36% reporting good or very good audiences and 35% moderate audiences. 28% reported poor and very poor audiences. It is likely that the more favourable assessment of audiences as opposed to earnings is a function of the high percentage of respondents who also reported that their content was provided free of charge.

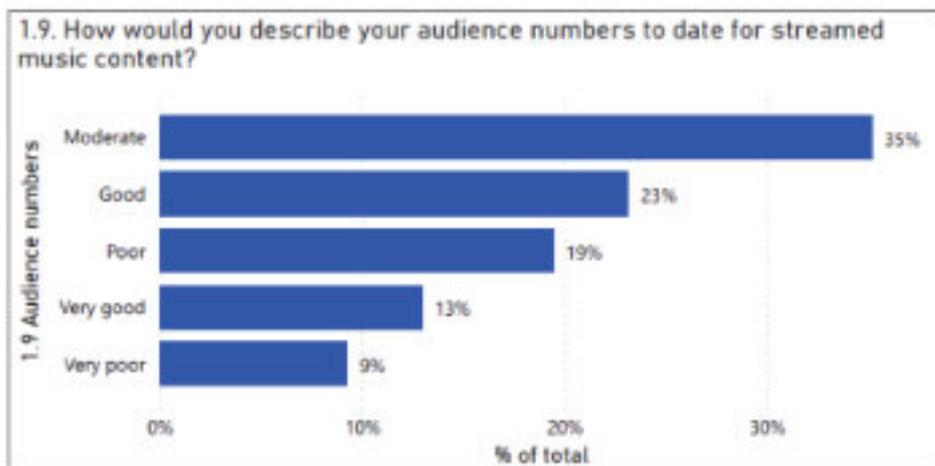


Figure XIII: Audiences to date from livestreaming content (N = 108)

With regard to whether and how audience data was gathered (and reflecting how many organisations adopted free-to-air models), the dominant method of collecting information on audiences is via logged video views on social media platforms such as YouTube (37%). Only 9% of respondents collected site analytics using search engine tools such as Google Analytics exclusively, while 12% used ticket sales as their sole metric. However, it is encouraging that 42% of respondents reported using a combination of methods, an indication that multiple available instruments are both known and used to understand and gather data on online audiences.

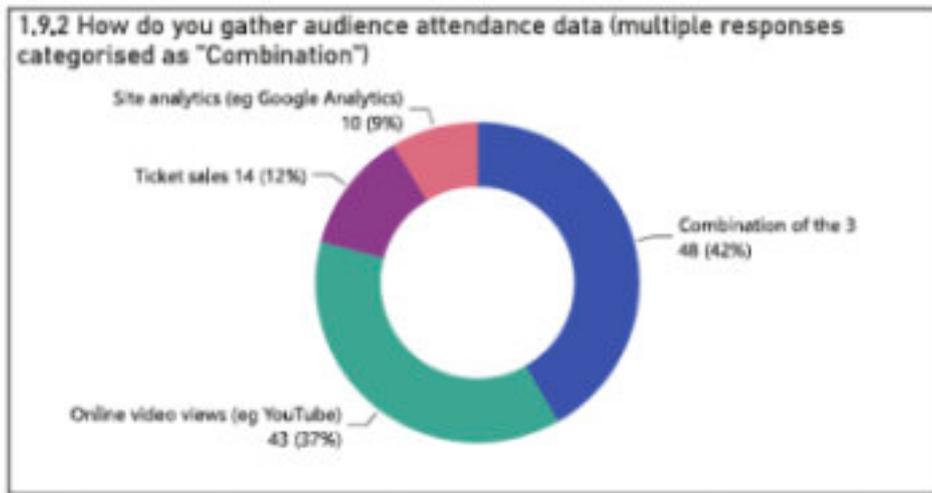


Figure XIV: Methods for gathering audience data (N = 115)

As indicated above, less than half of respondents reported a revenue-based model for their livestreaming activities. But where revenue was a factor in the business model, an equitable split between stakeholders was adopted, with 38% reporting a 3-way split between artist, venue and producer, and 33% a two-way split between artist and venue. 18% of respondents indicated that 100% of revenue accrued to artists and 7% reported that 100% of revenue went to the streaming platform.

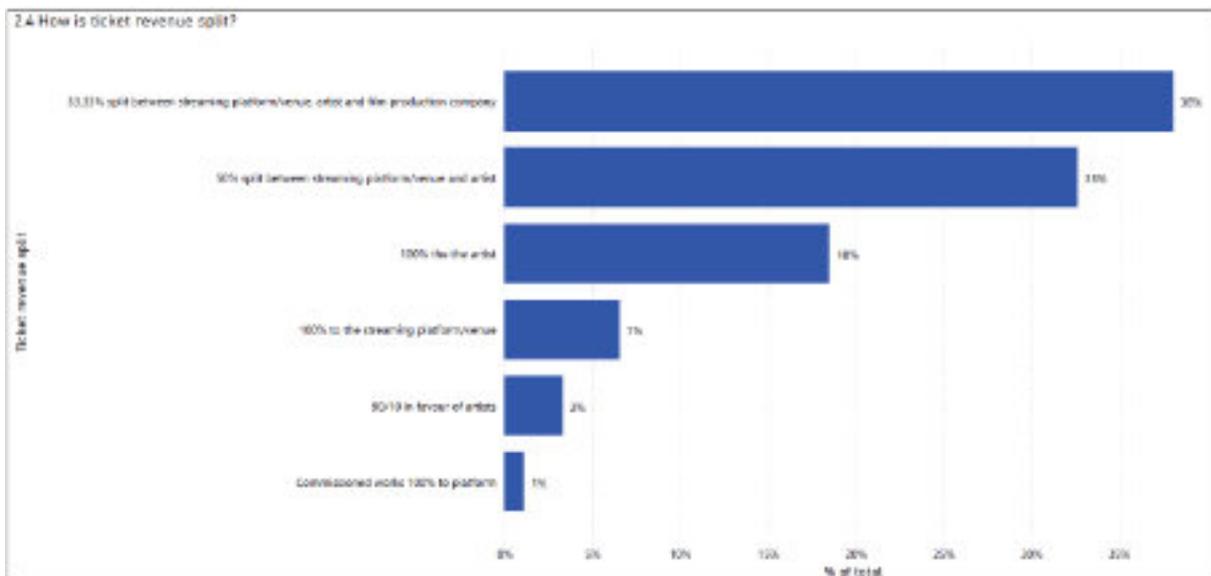


Figure XV: Ticket Revenue Split (N = 92)

5.4 Production of livestreaming content

The formats for livestream productions reported by respondents were predominantly basic: performances only (31%), with no other production features. 24% of respondents reported formats with additions such as graphics and 23% productions including text such as titles and credits. Just as they had more diverse business goals above, so respondents with more than 3 years of experience in livestreaming produced more complex formats than those with less experience in streaming.

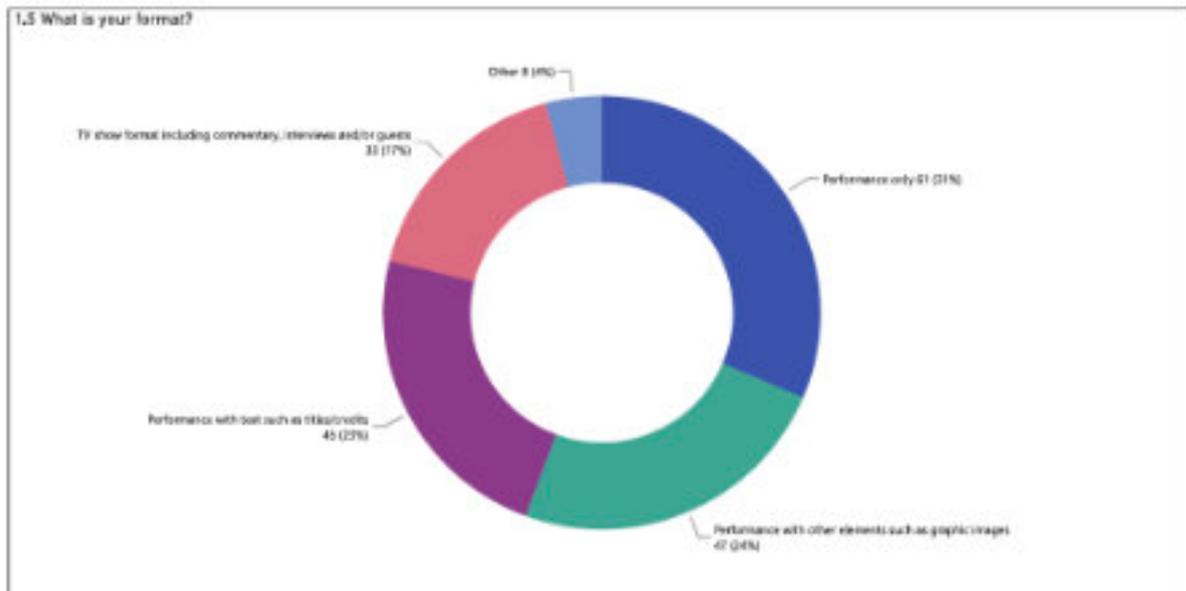


Figure XVI: Format of livestreaming productions (N = 194)

Respondents reported a wide range of music genres in which streamed content was being produced. The majority of content (20%) presented electronic/dance music and hip-hop (19%), speaking to younger audiences. The next most streamed genre was soul (13%). Indigenous music was the 5th most streamed genre at 11%, followed by jazz and pop at 10% each. Gospel represented 6% of the genres streamed by respondents.

Subsequent chapters revisit the question of genre. First, extant industry research suggests an extensive South African audience for religious music, and anecdotal evidence describes much church-scale streaming, but the formal research did not penetrate this sector deeply. Second, in the absence of any generally agreed genre definitions in South African music research, it is not possible to know how respondents drew their lines between, for example, 'soul' and 'pop' or 'pop' and 'dance music'.

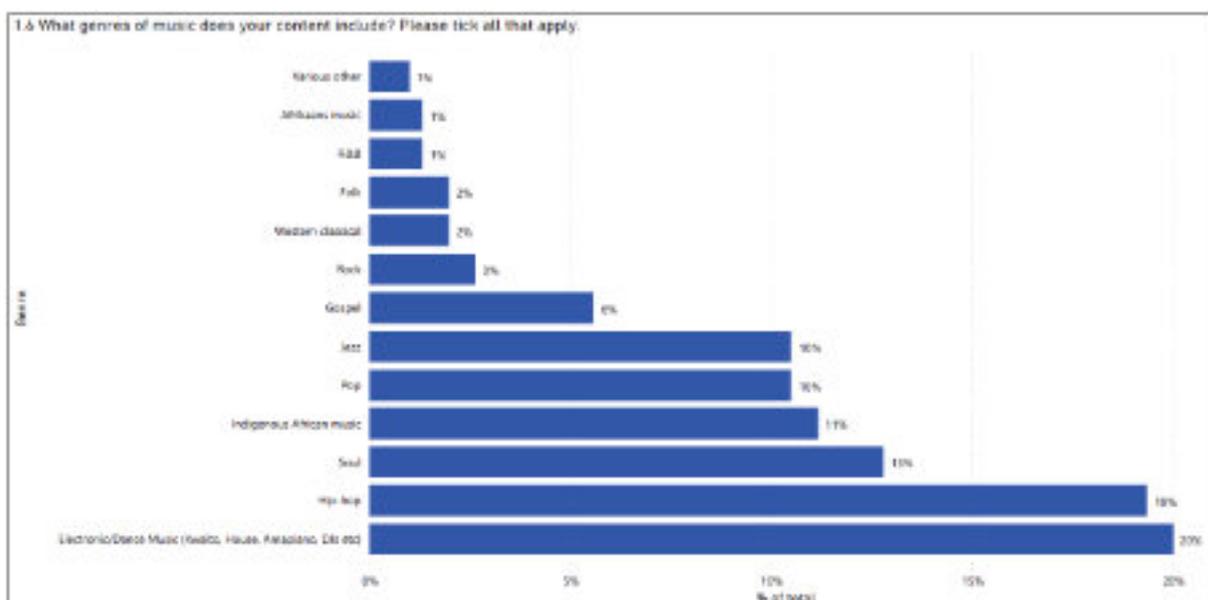


Figure XVII: Genres in which respondents report livestreaming activities (N = 305)

Over and above self-funded projects and those supported by ticket revenue - which were reported by the largest number of respondents - a wide variety of funds were sourced by respondents for live streamed productions. The largest source of support for production costs cited was from an investor, followed by sponsorship from a corporate sponsor. Comparatively fewer initiatives were supported by government agencies or donor agencies. Given the thinness of business knowledge evidenced in many responses, it is not clear how respondents drew the line between, for example, "an investor" and "a corporate sponsor".

What is evident is that when any of the above categories of "external funding" from a sponsor or donor can be sourced, most costs, including artists' fees, are covered. Of concern is the fact that 14% of respondents indicated that artists received no payment for their work in livestreaming projects, and in addition, completely self-funded projects paid artists in only 3% of cases.

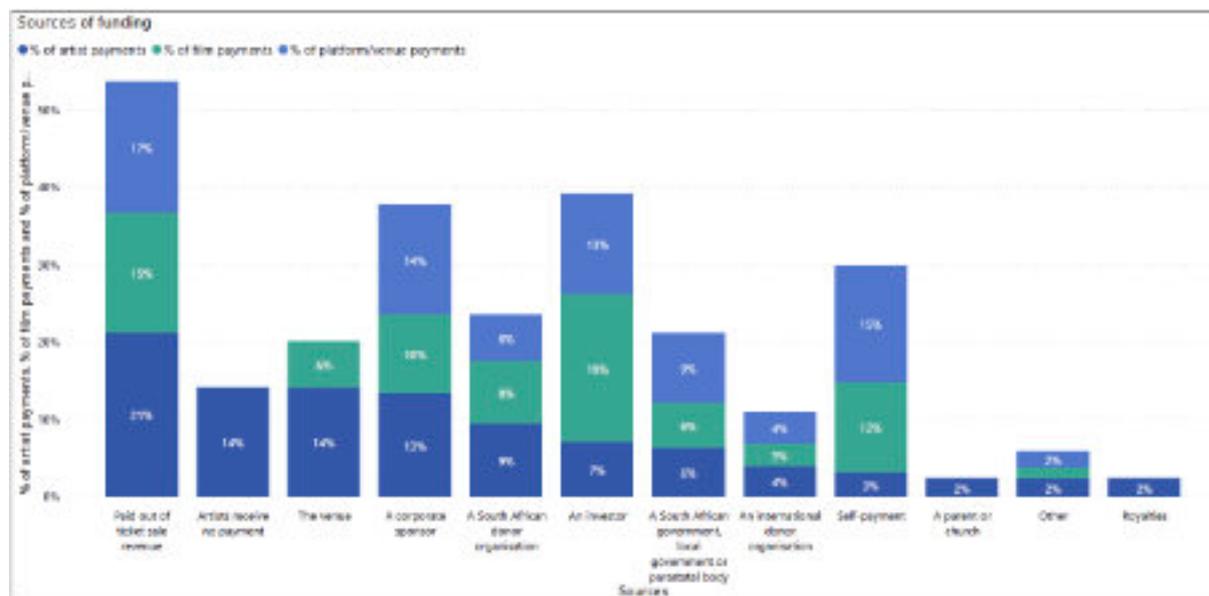


Figure XVIII: Sources of funding for key costs (N production = 135; N artists = 127; N venue = 100)

The figures below outline in more detail which elements of livestreaming are paid for by the nature of the funding of the project. Investors were the largest reported source (19%) of film production costs and ticket revenue-based models were the largest reported source of payments to artists (21%). 17% of respondents reported that livestreaming platforms and/or venues received payment from ticket-revenue funded projects, but an equal number reported that the venue or platform received no payment.

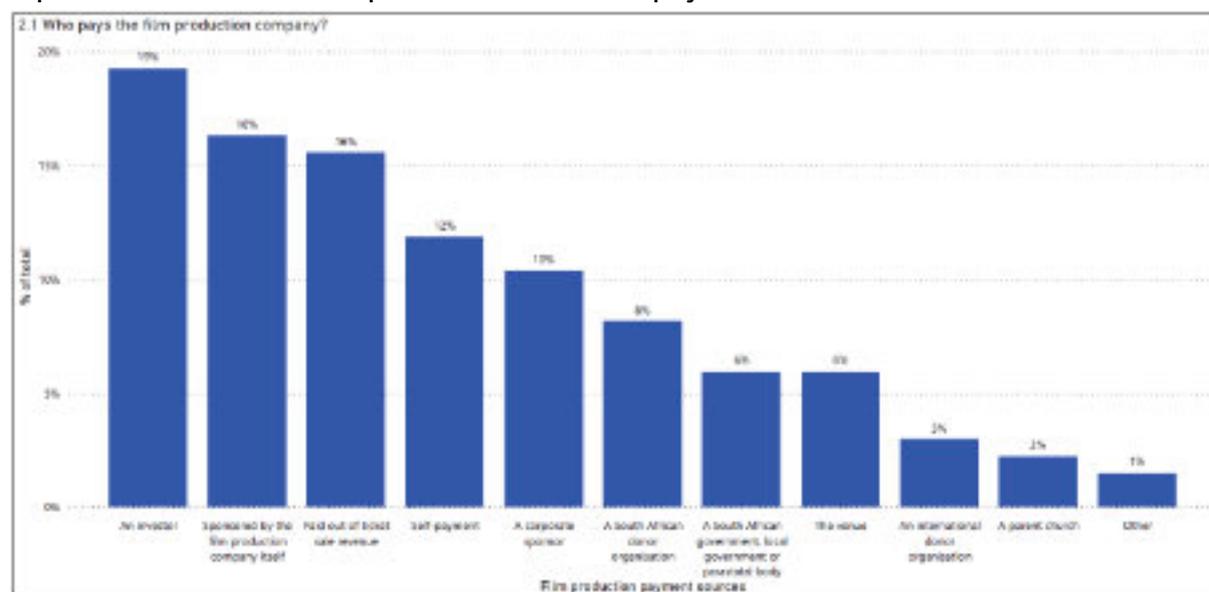


Figure XIX: Sources of funding for film production costs (N production = 135)

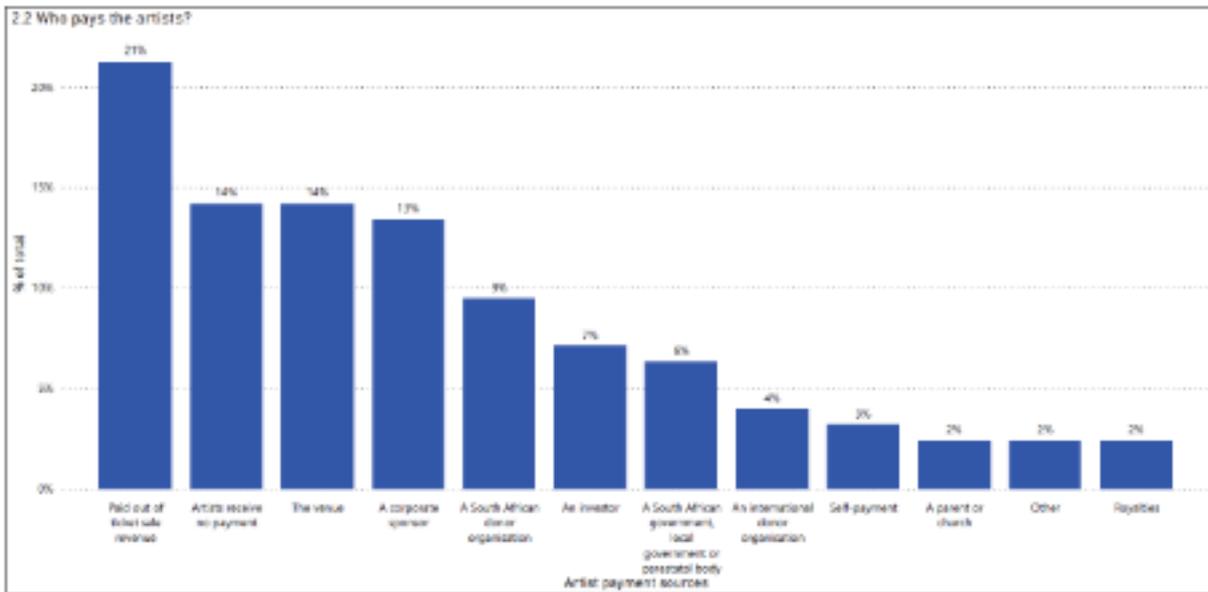


Figure XX Sources of funding for artist costs (N artists = 127)

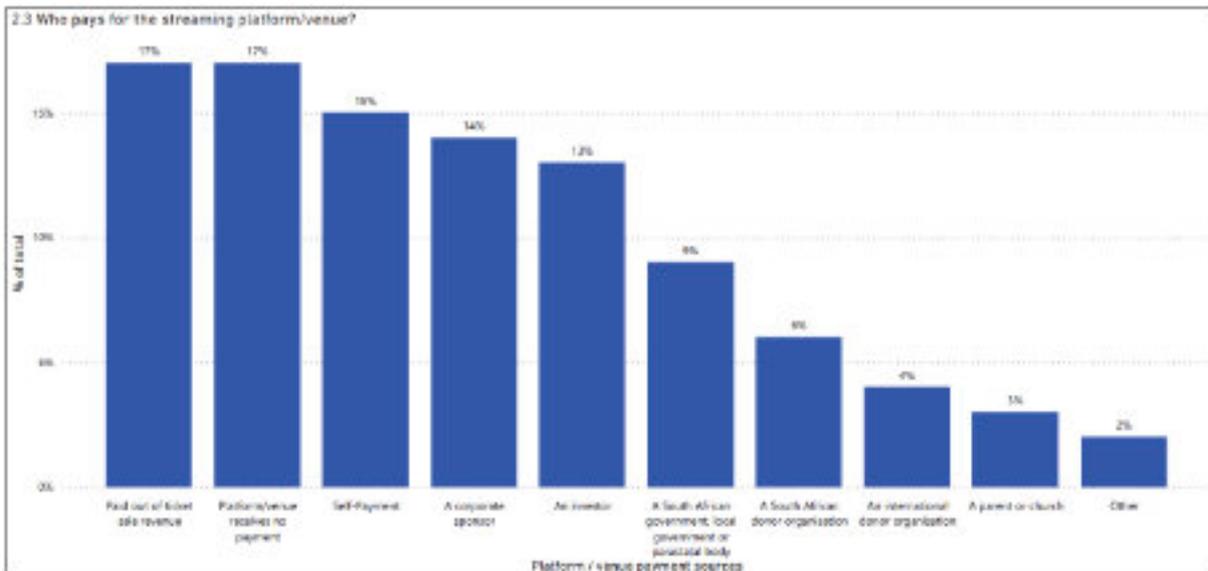


Figure XXI: Sources of funding for platform/venue costs (N platform/venue = 100)

The obligation for making legally required payments to Copyright Management Organisations (CMOs) is largely regarded as the responsibility of the artist (52%), followed by the streaming platform (24%) and the film production company (13%). When asked about ownership of the master recording, respondents overwhelmingly (54%) reported that artists were granted ownership of the master recordings. This is an encouraging shift away from more traditional models which saw rights vested mainly with other value chain participants. However, it is also likely a function of the artist-driven motivations informing the business models of our respondents, and also of their sources of investment where projects are self or donor/government funded.

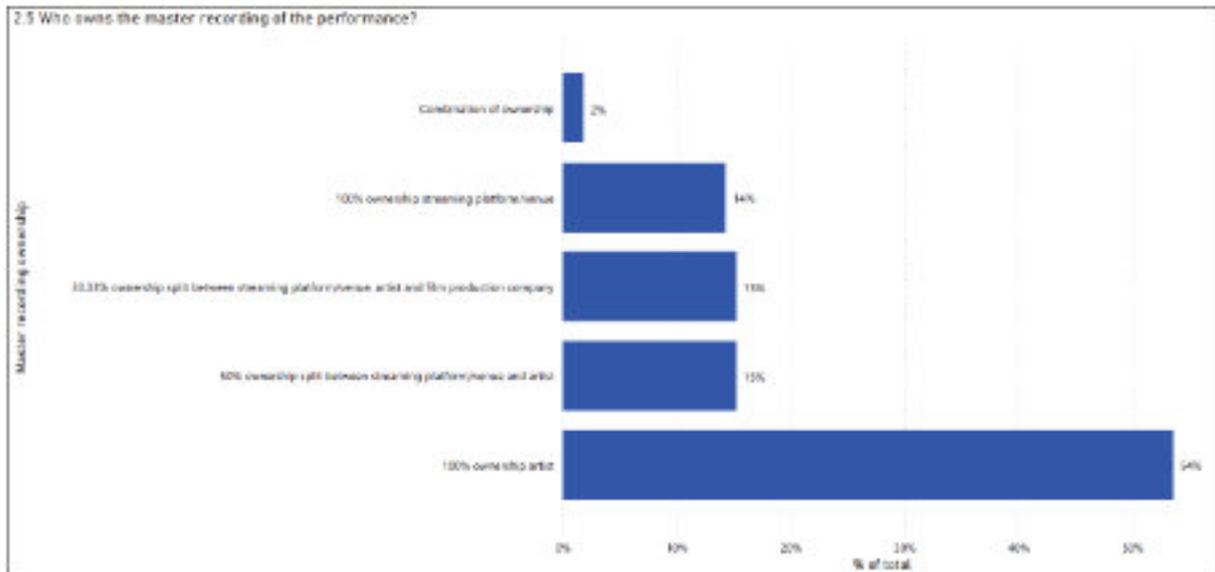


Figure XXII: Master recording ownership (N = 112)

Respondents reported that short-term partnerships were a significant feature of their livestreaming projects, with 47% having collaborated with others to make streaming projects work. However, long-term partnerships were surprisingly not a feature of activities to date; only 29% of respondents reported having entered into long term partnerships. This is despite the three years-plus involvement in streaming reported by three-quarters of our streaming-active respondents.

Ranked by importance, online platforms were regarded by 48% of respondents as most important, followed by internet service providers (34%) and advertising and PR companies, event organisers and video production companies (31%). The least important partners reported by respondents were donor funded organisations (51%), government partners (50%), ticketing agencies (50%) and technical production service companies (43%).



Figure XXIII: Perceived importance of current partners in livestreaming projects (N = 95)

5.5 Benefits, risks and challenges of livestreaming

Respondents reported a range of benefits from streaming activities - mainly increased audience numbers (33%) and increased exposure (22%). Other reported benefits include potential for revenue, knowledge generation, ease of doing business and audience engagement. Only 9% of respondents reported no benefits.

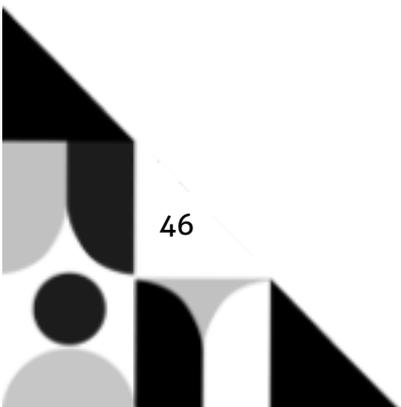
Table A: Benefits from Livestreaming (N = 151)

Reported Benefits	%
Increased Audience numbers	33
Increased Exposure	22
Revenue potential	11
None	9
Other	7
Knowledge	5
Immediacy	4
Ease of business	3
Repurposing of content	3
Audience Engagement	3

Reflecting on problems, 21% of respondents reported no problems at all with livestreaming activities. Others, however, indicated that low audience numbers (15%), inconsistent revenue (14%) and network issues (13%) were problems experienced.

Table B: Problems with Livestreaming (N = 125)

Reported Problems	%
None	21
Low audience members	15
No/low/inconsistent revenue	14
Network problems	13
Other	8
Lack of funding	6
High data costs	5
Lack of resources	3
Lack of knowledge	3
Cyber bullying	2
High cost of production	2
Loadshedding	2
Poor quality	2
Reluctance to pay for content	2



A number of risks were identified by respondents, predominantly piracy and illicit sharing (17%), followed by uncertain returns on investment (13%) and low audience numbers (11%). 11% of respondents also reported seeing no risks whatsoever.

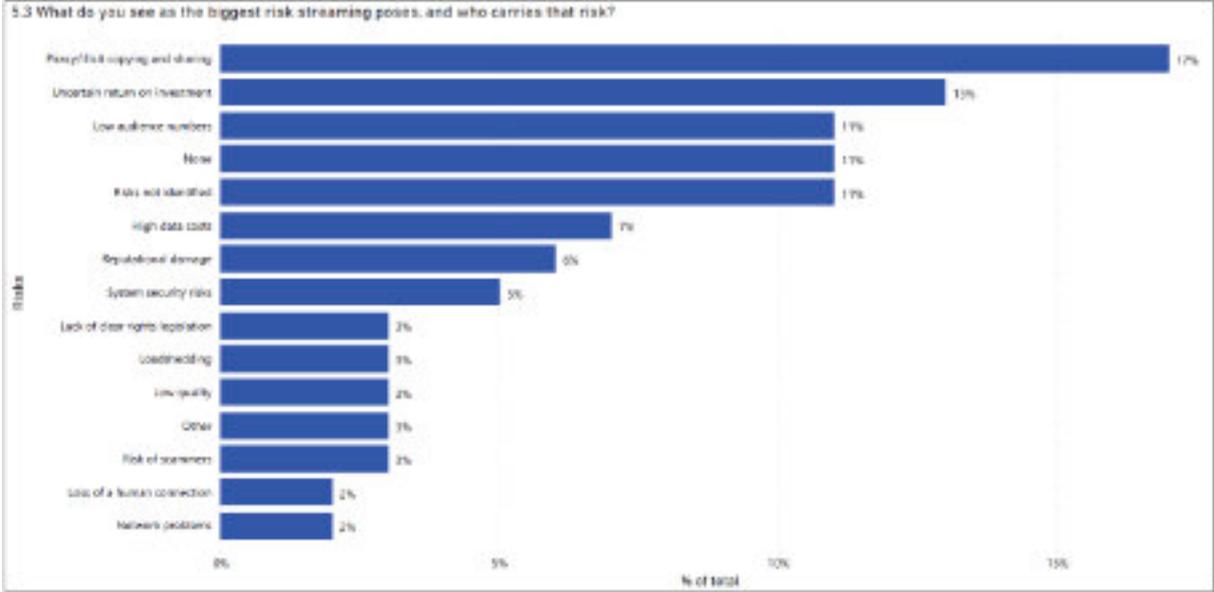


Figure XXIV: Risks Associated with Livestreaming (N = 100)

Respondents attributed the risks listed above as carried primarily by artists (52%) and by project partners (43%). Consumers, in the view of respondents, bore minimal risk.

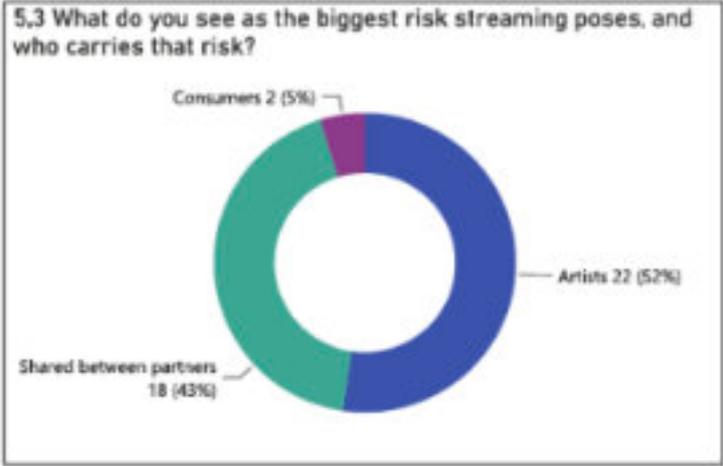
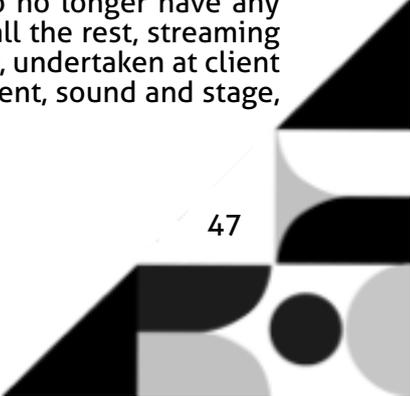


Figure XXV: Attribution of Risks Associated with Livestreaming (N = 42)

As a footnote to these perceptions of risks and benefits, it is worth pointing out that of the entities interviewed for the first *Digital Futures?* research report, two no longer have any online presence and two continue as active streaming platforms. For all the rest, streaming has receded to become merely an intermittent, supplementary activity, undertaken at client request in support of their main business identities in artist management, sound and stage, and other types of service provision.



5.6 Future licensing plans

Licensing of content for future broadcast was identified as an opportunity for many respondents; 83% reported to having future licensing plans. However, actual existing levels of licensing appeared very low, with very few respondents identifying any current licensing partners. Considering future partners, almost all respondents identified television broadcasters/channels as possible partners. 17% of respondents identified Trace Africa/Trace TV as a possible licensing partner, 20% identified Channel O, 18% identified SABC, and 15% DSTV as future partners. 12% of respondents had not identified partners at all at the time of the survey. These responses may be seen as indicating optimism and perhaps evidence of planning, but nothing more.

Table C: Future licensing partners for livestreaming (N = 446)

Possible Partners	%
Channel O	20
SABC	18
MTV Base	17
Trace Africa / Trace TV	17
DSTV	15
None yet identified	12
Other	2

Considering future revenue streams from recordings, respondents identified sponsorships (30%), subscription/pay-per-view services (22%), corporate events (17%) and education (13%) as primary future prospects. Yet again, 75% had not begun to explore these options at the time of the survey. Overwhelmingly, 95% of respondents indicated that artists would have ownership of the rights and access to the content.

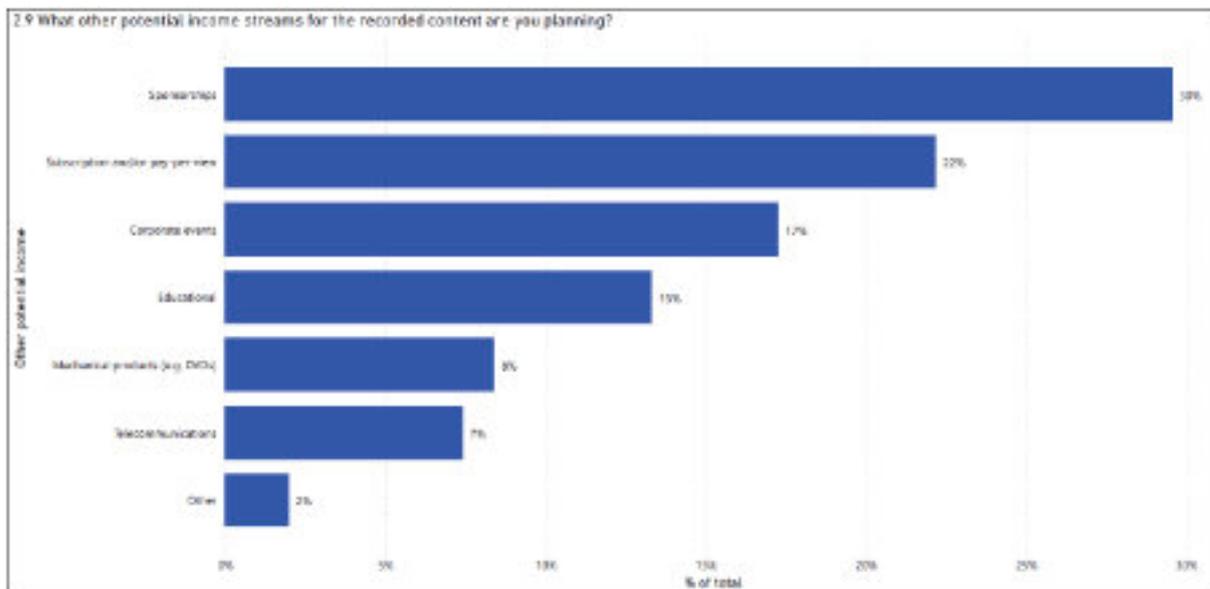


Figure XXVI: Other possible sources of income from recordings (N = 203)

5.7 Recommendations from participants

Respondents were asked to indicate how livestreaming projects could be improved by a range of stakeholders including policy makers, content providers, musicians, funders, creators and CMOs.

In the main, respondents wanted policy makers to provide funding and pay artists, protect rights and support artists. Funders, unsurprisingly, were expected to provide funding and investment, as well as marketing to ensure return on investment and to offer understanding and support to artists in the process of content creation.

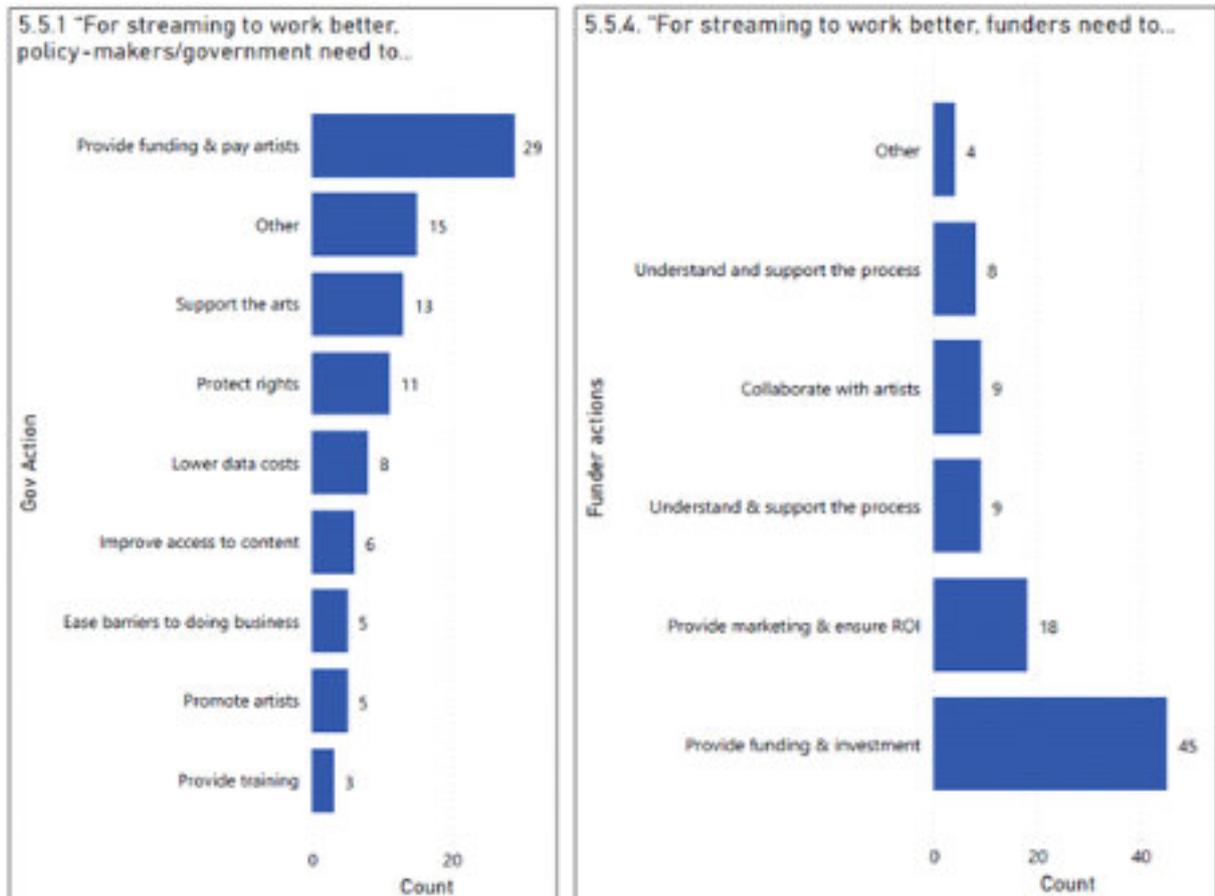


Figure XXVII: Recommendations for Policy Makers (N = 95) and Funders (N = 93)

Creators were expected to create quality content for audiences, be innovative and professional and to market their work.

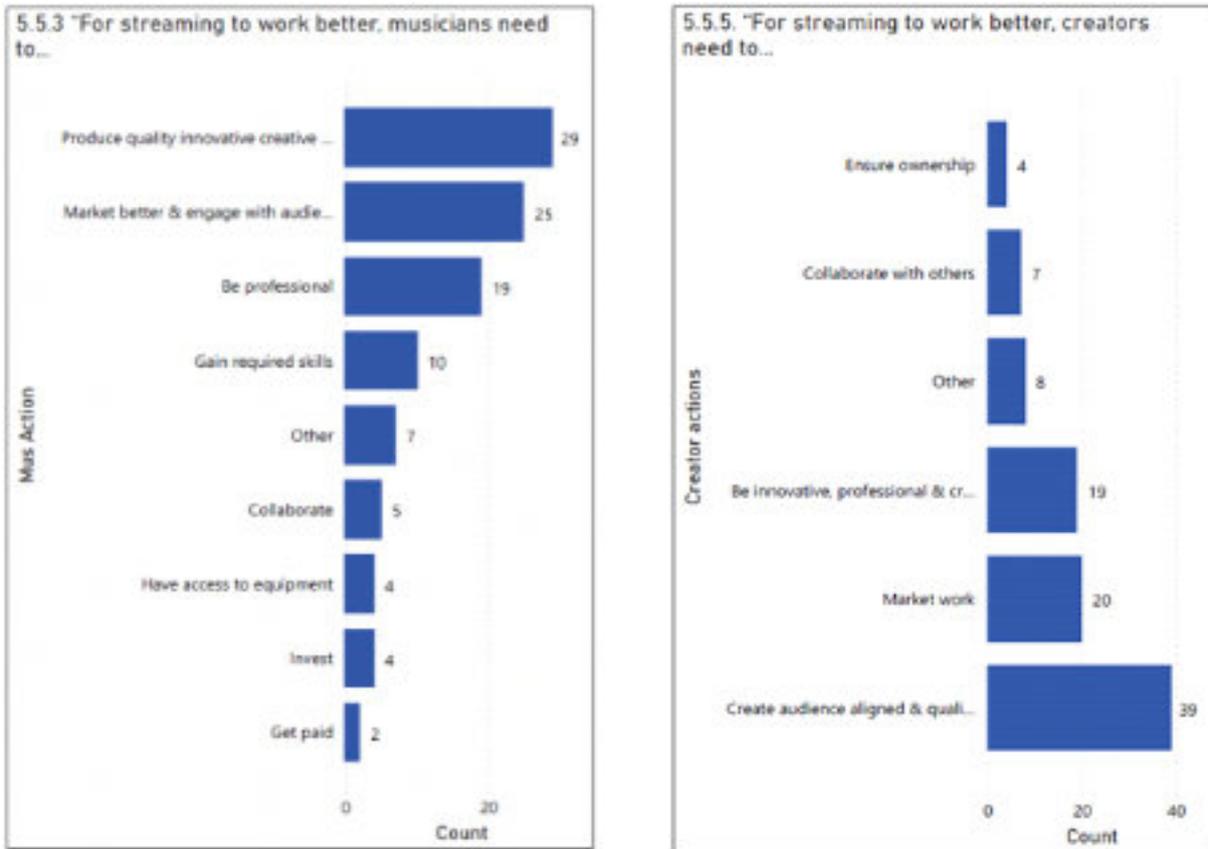


Figure XXVIII: Recommendations for Musicians (N = 105) and Creators (N = 97)

Content providers were expected to create and market content and musicians were expected to market and engage with audiences, be professional and produce high quality, creative and

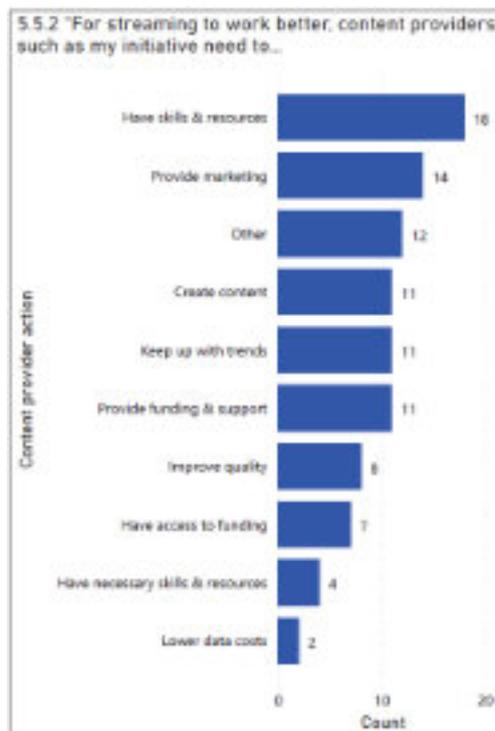


Figure XXIX: Recommendations for Content Providers (N = 98)

Record labels were expected to support and sign artists, promote and market artists and ensure fair and equitable deals, while CMOs were expected to pay royalties and improve collection, register music and monitor usage and license music for use.

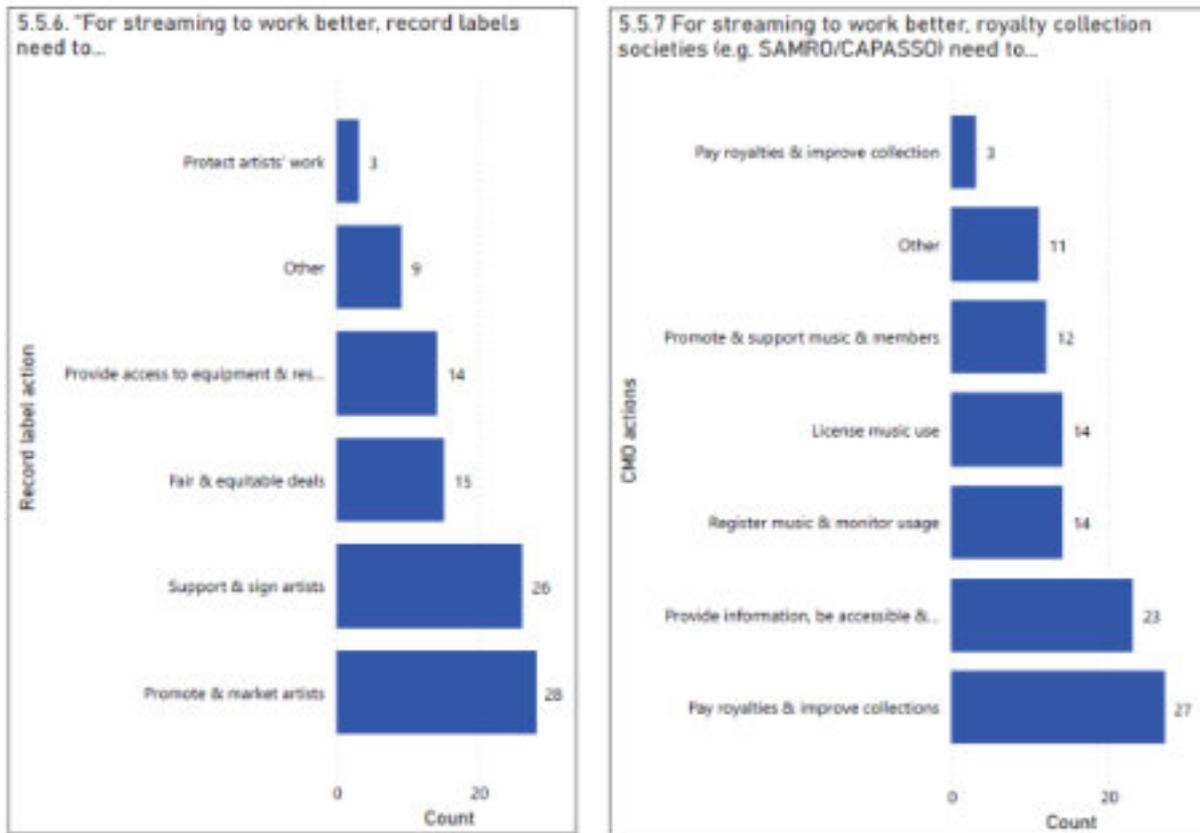


Figure XXX: Recommendations for Record Labels (N = 95) & CMOs (N = 104)

(NOTE: The large 'other' categories here covered a multitude of highly individualised suggestions, many of which were inapplicable to the entities being addressed, and some of which were individual expressions of attitude rather than action points)



Nduduzo Makhathini performing at Sibikwa 2021 (Photo: courtesy of Sibikwa)

CHAPTER 6: DISCUSSION AND INSIGHT



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*Mimi Mtshali performs at her streamed concert as part of the 2021 CSA Digital Mobility Fund.
(Photo: courtesy of the artist)*



6.1 Changes since *Digital Futures? 2020*

Digital Futures Two (2022) reached respondents across the country and the data showed substantial national growth in the both the number of participants in livestreaming activities and the scope of their involvement. Business models and partnerships have also changed. As the practice of livestreaming has developed, risk profiles have matured, locating risk squarely with artists, as opposed to the broader spreading of risk observed in the first study. Strikingly consistent in both research projects is the low expectation of revenue from livestreaming, a factor that has also been documented in the intervening period in numerous local and international studies. Unfortunately, the policy environment for livestreaming remains under-developed, and as such, many of the challenges expressed and the expectations of stakeholders remain unresolved.

Since August 2020 when the first *Digital Futures?* study was conducted, a significantly larger number of sole providers/independent contractors have emerged as survey respondents - an increase from 17% to 56%. Over half of respondents (54%) reported in 2022 that artists had complete ownership of the content produced for livestreaming compared with just 14% in 2020.

Artists seem to be seeing more of the meagre earnings from streaming. An increased number of respondents reported artists being paid: in 2020, half of respondents indicated that artists did not get paid, but in 2022 only 14% reported non-payment. However, consistent with the earlier study, self-funded projects were the least likely to remunerate artists for their work. The opportunities and risks reported also remained consistent, although the risk of losing creative freedom highlighted in the first South African study was not similarly emphasised in the second. Notably, it emerges strongly from international reports produced in the interim.

The recommendations for all role players remained consistent, a troubling indication that little has changed in the enabling environment created for streaming over the last two years. Additionally, many of the expectations about how record labels and platforms could assist - which our respondents continued to express - run counter to the trends in label and platform practice described in Chapter Two: the emergence of streaming saw, and the pandemic years have intensified, for example, an unpaid outsourcing of activities such as marketing to artists themselves.

"Musicians need to adjust and change with the times as the world is moving very fast"
2022 respondent

The qualitative responses underlined this: in both diagnosing artists' factors for success and recommending how artists could improve their future practise, 26 responses explicitly named using social media well, and 87 named being flexible, adaptive and tech-savvy. Although artists suggested that policy-makers, labels and platforms should assist with these aspects, they implicitly accepted that the current situation meant they had to do it themselves.

"We need to create more consistently regardless of the landscape of the country's support"
2022 respondent

As noted at the beginning of this chapter, the broader national reach of this 2022 survey has revealed substantial growth in the numbers of livestreaming participants and the scope of operations as well as a maturing of business models and risk profiles, locating the risks squarely with artists. Low expectations of revenue from livestreaming remain consistent between 2020 and 2022, and this factor has now additionally been documented in numerous local and international studies as discussed in Section 2.3 above.



As the first *Digital Futures? 2020* report established, streaming has a history in South Africa that predates Covid, although the pandemic provided impetus for more entrants to the field. 77% of our respondents had some engagement with streaming before Covid; 41% for three years or more. The more detailed questioning in the second survey reveals that many artists have been fast, flexible responders, and have made good use of analytics tools in their ventures. The larger sample also indicates that artists are taking more control of their IP rights to streamed material. Thus the very limited revenue from streaming reported (63% 'poor' or 'very poor'), cannot be attributed largely to inexperience, particularly in a context where even research in more developed music economies, as discussed in Chapter Two, is reporting exactly the same phenomenon.

In a situation where, as Chapter Two describes, the policy environment remains regrettably under-developed, the expectations and challenges expressed in both this survey and international studies remain un-met and unresolved.

This has been a persistent situation. In 2018, UNESCO was illuminating the dearth of policies "that go beyond digitising or strengthening specific nodes"⁴¹ and warning that "the public sector may entirely lose its agency on the creative scene if a targeted approach to address the rise and market concentration of large platforms or the monopoly of AI is not adopted."

"Once the material is out there anybody can steal or sample it and since it's international you might not even know"

2022 respondent

Loss of control over, and potentially ownership of, IP was one of the strongest themes to emerge from the qualitative responses; it was alluded to in 88 responses across multiple questions. The responsibility for managing this better was laid at the door of policy-makers and CMOs. These bodies should...

"...work better with all platforms that have a stake in streaming"

2022 respondent

As in the *Digital Futures? 2020* report, the need is strongly expressed for all kinds of training and information skills related not only to streaming specifically, but also to more general business matters. Several research participants, for example, demonstrated uncertainty about how to classify their own business and its status. The need for training—along with the need for funding, was pervasive across qualitative responses to all questions.

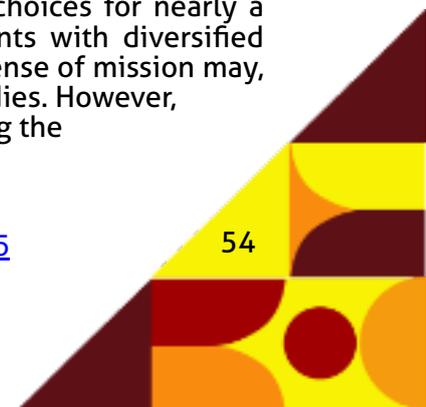
Reliance on external donor/funder support persists from the previous study, and while respondents continued to express optimism about licensing and partnership opportunities for their work, this still does not seem to be based on any research of their own, or awareness of concrete options, even with a much larger cohort of respondents. 75% of respondents had not implemented their ideas for expanding streaming revenue. A majority had not established any licensing partnerships, and long-term partnerships overall were few, even in a cohort with much longer business histories in streaming than those of the first research.

"[I have benefitted from] nothing for now; I think I will experience everything later on"

2022 respondent

Much of this, from poor earnings to funding needs to licensing uncertainties, is consistent with the international research. One distinctive feature emerging strongly from this research, however, is not only the centrality of artistic as opposed to financial considerations, but the centrality of a sense of social mission; it informed business choices for nearly a quarter of our 2022 respondents. Even more experienced respondents with diversified business motives for streaming included it as a consideration. Such a sense of mission may, of course, be present but simply unexplored in extant international studies. However, it sounded loud, clear and central in our South African responses. Among the qualitative responses, 72 respondents across all questions named a sense of mission or social purpose as a motivating factor.

⁴¹ <https://en.unesco.org/creativity/global-report-2018#wrapper-node-14115>



"It is not for seeking attention or likes or views, but to share our ghetto experiences and stories."

2022 respondent

This mission was sometimes described broadly – the theme of "inspiring" recurred – and sometimes in greater detail: raising health awareness in relation to Covid; promoting social or economic development; providing psychological healing ("expressing feelings which people are afraid to express, giving peace within themselves"); and asserting the beauty and place of African music, updating it, making the young generation aware of it; developing modern indigenous genres; and more.

"...because indigenous African music is often taken for granted the better part of the year and only required on politically correct dates."

2022 respondent.

6.2. Industry trends

A wide range of genres are involved in livestreaming, and processes are in the main led by artists. This orientation has led to artist-centric models, revenue splits and ownership. While still costly, lower barriers to entry into digital activities have significantly increased the number of participants and also the impetus for undertaking livestreaming activities. However, experience counts: it was the more experienced respondents who reported diversified business goals and more sophisticated streaming formats. Much has been informed by personal visions and intentions, rather than commercial or market-related objectives. Of persistent concern however, is the substantial number of artists who did not get paid for the livestreaming and the respondents who reported no benefit at all.

"I make as small as two dollars a month and sometimes I make nothing or cents"

"No revenue after paying your [platform] subscriptions"

"I have more than 130K streams on my Spotify profile for one song but I have earned just R150 of my revenue which I have been waiting for months and still being delayed by [an agency: named in original], which I have signed a digitisation

"The money from the distribution is coming in but I have not yet claimed it as it is so little"

2022 Respondents

6.3 Policy Considerations

As highlighted above, policy frameworks to support and regulate livestreaming remain in its infancy. Support, where provided, appears to be operating through standard funding and arts promotion instruments rather than specific and dedicated instruments. As a result, the primary focus of support has been towards content production, rather than platforms, venues or production spaces. There is little formal or informal training, and further, the rights environment remains static as there has been extraordinarily little development on critical legislative reform process over the last 2 years.

South Africa's proposed Copyright Amendment Bill does not currently even allude to the changing power relationships, blurred boundaries and shifting category definitions that have entered the rights and royalties landscape with the advent of streaming and the increasingly encroaching role of global music platforms. No socio-economic impact assessment was conducted before the bill was drafted, so the impact on musicians' livelihoods of alternative policy options remains unconsidered. Stakeholders such as the Copyright Coalition of South Africa (CCSA) have called for the urgent enhancement of both "the role of the justice system in bringing [piracy] perpetrators to book and policymakers in refining the Copyright Amendment Bill."⁴²

⁴² <https://mg.co.za/opinion/2022-08-26-south-africa-needs-a-comprehensive-multifaceted-strategy-to-curb-the-economic-impact-of-piracy/>



Existing weak policy is exacerbated by the focus purely on “supply-side” (i.e. production) elements, meaning there has been little or no attention paid to audience development, marketing and consumer education initiatives. The longer-term consequences of not focusing on “demand-side” elements will be limitations on revenue generation and the exploitation of rights.

Of concern is the large number of respondents who reported offering content free of charge. For many artists, the concern is simply to “get their music out there”, but this will continue to undermine the ability of content creators and platforms to generate revenue from paying audiences. It is clear that new revenue models will need to be considered and tested by all role players.

A World Bank blog, *Why Policymakers Should Support Africa's Growing Music Industry*⁴³, proposes six general policy strategies for supporting the new digital music landscape:

- Equitable access to finance
- Music-friendly policies ranging across spaces, access to equipment and IP rights
- Supporting networking
- Increasing the participation of the marginalised
- Prioritising internet infrastructure and ICT
- Training

The five main policy needs emerging from this *Digital Futures Two 2020* research show consonance with this general framework, but grounded in local realities. They also show clear continuity with the needs expressed in the *Digital Futures? 2020* report. The main policy needs are:

- Support arts and culture
- Bridge the digital divide
- Provide more training and disseminate more relevant information, including on marketing
- Work on demand-side stimuli
- Improve CMO payment regimes and enhance CMO communication

The sections that follow deal with each in turn.

6.3.1 “Support arts and culture!”

Covering a range of needs-related measures from funding and finance to making available spaces and resources and considering working conditions and labour issues, this expressed need is similar to the second World Bank policy strategy proposal. It echoes demands reflected in both the first *Digital Futures? 2020* report and the 2020 SACO COVID live music impact study⁴⁴, among others. Little precise detail related to any of these diverse needs is to be found in the proposed DSAC Creative Industry Master Plan 2022, beyond a declared focus on SMMEs and, without explanation, “large festivals”.

As well as the recurring pleas for funding, training and access to equipment and facilities, multiple qualitative responses reflected a desire that policy-makers be more “connected to artists.” At its most basic, this was a request to “listen to artists”. The qualitative responses also emphasised the need for policy assistance to correct inequitable relationships with platforms:

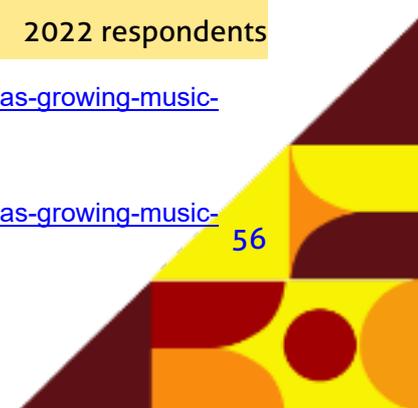
“Centralise the platforming and marketing instead of asking each musician to do it themself”

“Work on the availability of internet access and payment methods for audiences so that we do not only reach the privileged.”

2022 respondents

⁴³ <https://blogs.worldbank.org/nasikiliza/why-policymakers-should-support-africas-growing-music-industry#:~:text=For%20African%20youth%2C%20the%20music,helped%20the%20creative%20sectors%20boom.>

⁴⁴ <https://blogs.worldbank.org/nasikiliza/why-policymakers-should-support-africas-growing-music-industry#:~:text=For%20African%20youth%2C%20the%20music,helped%20the%20creative%20sectors%20boom.>



"Please, please speak to social media companies to reimburse artists because they work off of our original music!"

2022 respondent

The labour aspects, although outside the primary scope of this study, should not be forgotten. As the Asian Development Bank (ADB) *Creative Economy 2030* report⁴⁵ notes, "new forms of work require new forms of legal protection and welfare promotion". Digital music work involves not only the creative artist, but a large number of necessary support workers from sound engineers to web developers, designers, visual artists and more, as well as platform employees. Yet digital work is often missed by official statistics or assumed simply to be freelance employment. It can create conditions of isolation and precarity⁴⁶, which may not be unconnected to the near-epidemic of depression, self-harm and suicide currently observable among South African creative workers.

6.3.2 Bridge the digital divide

Resonating strongly with responses to the *Digital Futures?* 2020 report and other surveys, including those of SACO, the centrality of digital access (and access to supporting resources and infrastructure such as electricity) remains a priority if South African music-makers are to participate on the streaming landscape more effectively and music audiences are to gain better access. This is supported by international studies, where available and affordable internet connection and technology led the wants list when sub-Saharan Africa was surveyed⁴⁷. South Africa tops the continent in terms of connectivity and quality⁴⁸, though it was noted that even around cities, large numbers of people may not have internet access – "Many don't have iPhones, Instagram or Wi-Fi." ⁴⁹ – certainly not reliably, and was the most expensive for mobile data. There are already government plans in place to weaken the pricing oligopoly, reduce data costs and improve and equalise access. These measures, again, depend on an ageing and unreliable power infrastructure and the exercise of effective local government implementation.

This was one of the strongest themes emerging from qualitative responses across all questions, alluded to 89 times. Respondents were concerned about data costs and expressed awareness that the digital divide hampers not only audience participation, but content creation and doing business.

"Poor network and load-shedding compromises production time especially when one has to meet deadlines."

"You have to be online continually to market and we don't have so much access to the internet."

2022 respondents

⁴⁵ https://www.g20-insights.org/policy_briefs/creative-economy-2030-inclusive-and-resilient-creative-economy-for-sustainable-development-and-recovery/

⁴⁶ See: <https://ora.ox.ac.uk/objects/uuid:8c791d5a-e3a5-4a59-9b93-fbabea881554>

⁴⁷ GIZ Scenarios op. cit.

⁴⁸ <https://www.investmentmonitor.ai/tech/africa-connectivity-index-2021>

⁴⁹ GIZ op.cit.



6.3.3 More relevant training and information dissemination

"Building online presence" was noted by the GIZ Scenarios report⁵⁰ as a highly-ranked training need in its Johannesburg survey; this perhaps reflects how a better-connected city (which, relative to many others, Johannesburg is) becomes increasingly aware of related training needs. The UNESCO 2022 report, *Re/Shaping Policies for Creativity*⁵¹, recommends creating national roadmaps towards skills acquisition, based on the organisation's Open Roadmap for Digital Skills and Literacies Outcome, which proposes one route. The DSAC Creative Industry Masterplan concurs on the importance of prioritising training. Training needs were a continually recurring theme in the qualitative responses too: training in digital production technology and in enhancing quality.

It was also clear from the lack of clarity of some responses that training needs to reach beyond digital skills. Music-makers need a far wider range of business skills and business knowledge to help them understand where their own activities fit and what options are open to them.

"I have great content, but I don't know how to make money off of it."

2022 respondent

Specific to our research was the central position accorded to training in marketing and monetisation skills; this represents a continuity from the *Digital Futures? 2020* survey and reflects an optimism that better results might follow more skilful promotion of streamed content. However, the Music in Africa Foundation artists' revenue report notes a rather different training need: to "develop fundraising strategies". This reflects a theme persistent in our research too: an assumption that music activities, livestreamed or otherwise, will continue to require donor subsidy.

6.3.4 Demand-side stimuli

Like many of our respondents, the DSAC Creative Industry Master Plan cites "stimulate the demand side" as a key step in advancing South Africa's creative industries. However, this is discussed largely in terms of demand for physical cultural products. There is extraordinarily little on stimulating audience demand beyond a reference to "student cards", and discussion of local content quotas, which latter predominantly addresses intermediaries such as broadcasters rather than direct music consumers. Our respondents frequently expressed this in their qualitative responses as intimately connected to the issue of the digital divide.

"People can afford the tickets but don't always have the data/time to stream the show."

" [Earnings and audience] are very small as some of my fans are way too far to understand the streaming technology and some of them don't have phones that allow them to stream my music."

"In South Africa I've realised a lot of people don't have access to free wifi. Sometimes we have electricity problems. Most of the people who consume my content are from abroad."

2022 respondents

⁵⁰ *ibid*

⁵¹ <https://unesdoc.unesco.org/ark:/48223/pf0000378261>

6.3.5 Improved CMO payment regimes and communication

A persistent recommendation since the *Digital Futures? 2020* report has been a changed relationship with the CMOs, including "better" payments and improved communication between the organisations and their members. Thirty-six qualitative responses explicitly mentioned the failure of CMOs to communicate clearly and educate members about digital rights.

"Make information transparent and easy to access for us artists (simplify your systems)."

2022 respondent

South African artists seek the same, more transparent, treatment from their record labels:

"Respect the artist and set out contracts with no fine lines to thoroughly outline the important issues relating to contract rights, publishing rights, percentages, expectations and so forth."

2022 respondent

"Better" payment regimes could, of course mean many things, from larger amounts to faster processing of claims and payouts. Many of these aspects lie outside the scope of this research.

However, consideration of any reform of rights and royalty regimes cannot omit consideration of the specifically inequitable amounts and nature of streaming payouts. Underlying causes of this unfairness have been discussed at various points in this report, particularly in Section 2.3. The three major international reports (UK House of Commons and Intellectual Property Office; WIPO) make a range of specific proposals related to the legal rights frameworks prevailing in Western countries such as those where they are based. However, the WIPO also has more general proposals. First, for the creation of "new types" of streaming royalty paid by CMOs directly to artists (including non-featured performers) and additional to existing rights payments, and, second, for a worldwide update of laws on copyright and royalties to make them fit for purpose in the streaming age: "A systemic problem cries out for a systemic solution." Persistent dissatisfaction with the communication by the CMOs ought to be a far less complex issue. Members need to be surveyed about their preferred channels and information needs, and office systems upgraded to serve members better. It is distressing that these dissatisfactions remain, despite having been articulated many times, in many forums, over a long period.



Online advertisement for Darren English performing at the Blue Room with support from the Digital Mobility Fund 2022. (Photo: courtesy of the artist)

CHAPTER 7: FUTURE WORK



7.1 Strengths and limitations of the research

In contrast to the *Digital Futures? 2020* survey, this research work had a far wider reach, both geographically and in terms of the categories of respondents. Because this was a more structured surveying process covering a larger cohort, there was greater completeness of responses and stronger validity. We did not, however, penetrate all genre or geographical populations, or focus on 'race', gender or social class dimensions. Neither were those latter dimensions a focus of the 2020 survey.

Although a recent SAMRO study⁵² serves as a complement to our work by providing a broad picture of gender issues in South African music, the issues relevant to streaming may differ from those around live performance, music education and career development, which are the SAMRO study's main foci.

Thus, given that the digital music ecosystem has strong and complex interconnections with other music industry and technological systems, and is increasingly internationalised, and still in development, our findings generated more questions as well as answers. These provide potentially fruitful directions for future studies.

7.2 Directions for future research

7.2.1 Industry structure, market share, ownership and control

Because of the shifting complexity of industry relationships, there is a need to map who owns what, and the links between national and international ownership of labels, platforms, and rights to content. The equivalent of 'world maps' exists, but to our knowledge this exercise has not been conducted specifically for South Africa.

7.2.2 National mapping

Despite a much-improved geographical reach, there were small responses from many provinces and a lower-than-expected response from the industry hub of the Western Cape. Given the basis of the research is a much stronger national database than in 2020, this raises questions about not only differences between the music scenes of the various provinces, but a geographically uneven pattern of active engagement with national industry networks. Mapping remains a constant need requiring proactive, regular updates.

Mapping the class and gender of both online music content producers and consumers would certainly enrich the findings of this study, as well as contribute towards broader socio-economic impact studies. All these are areas where proposed legislation highly relevant to streaming (such as the current Copyright Amendment Bill) remains uninformed by adequate data.

7.2.3 Labour issues in digital work

This aspect lies far outside our terms of reference, but the digital work landscape does affect musicians and music support workers involved in streaming. The old 'freelancer' category is no longer adequate as an all-containing envelope. Yet, at a bare minimum, we do not even currently know how many music-related digital workers are active in South Africa, what regimes they work under, or for which employers. Additionally, our positive responses about rights and ownership of recording masters going to "the artist", masks the nuance of the relationship between a lead artist and support artists in an ensemble, something international research has highlighted as important for royalty revenue.

⁵² <https://www.samro.org.za/news/articles/samro-study-reveals-women-feel-marginalised-and-unsafe-music-industry>



7.2.4 Local platforms and alternative revenue models

It has been suggested that creating 'local' streaming platforms could improve revenue from streaming for music creators. An often-cited example is Kenya's Mdundo, which claims to disburse half its income directly to artists. But what would a "local" platform look like in a globalised music market and what might its business model and revenue/payout prospects be? Similarly, are the kinds of alternative revenue models sketched in general terms by WIPO feasible in South Africa, and how might they integrate with existing payout systems?

7.2.5 The SA gospel and traditional music sectors

Existing research from a wide range of sources suggests these sectors are large and important for the South African music landscape. Anecdotal, but not much quantitative evidence, suggests that the churches are active participants in streaming to their congregations. Yet we still know little about them. Who are the music-makers? How are they remunerated? What structures and business models prevail? The dominance of English as a language of research and reporting undoubtedly constrains better research in these areas, but if their importance is as real as the limited information suggests, we need to know more and be informed by the voices of participants in these sectors.

7.2.6 Lack of clarity on genre and categories

This is not a research need that emerges specifically from this project, but it relates to 7.2.4 above, and hangs over all South African music research. There are no generally-agreed definitions of SA music categories. This impacts responses, reporting and the comparability of results. There is need for innovative research to develop a methodological tool (perhaps, for example, using a lexicon of sound-clips) that could assist both researchers and respondents to 'place' music on a more commonly agreed basis. The purpose would be to enhance the descriptive power of research, and not create exclusionary definitions.



*Cameron Ward performs as part of his Digital Mobility Fund project in 2022
(Photo: courtesy of the artist)*

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The Fourth Industrial Revolution remains a distant dream for many South African music professionals.

- *Many in SA music were fast followers into the streaming world even before Covid*
- *They make skilled use of analytics to track audiences*
- *Their streaming is motivated by a strong sense of social mission and purpose*
- *They're not all amateurs who just need to "stream better"*
- *They carry most of the risks of streaming, but benefit minimally, if at all*
- *Streaming is at best a tiny supplement to earnings, and at worst – because of platform fees – a drain on them*
- *Without sponsorship, streaming would be unaffordable for many*
- *South Africans aren't alone: recent international research confirms that even in countries with strong digital infrastructure, streaming barely helps music workers*
- *In South Africa, a huge digital divide makes things worse, and proposed new copyright laws don't begin to address the issues*

Those are among the findings reported in Digital Futures Two: Taking South African Music Online.

Concerts SA is a joint South African/Norwegian project working with musicians, promoters, venues and institutions. The project aims to grow a viable live music circuit and develop audiences in South Africa and the region. It is supported by the Norwegian Embassy Pretoria and the Southern African Music Rights Organisation (SAMRO), and is administered by IKS Cultural Consulting.



Norwegian Embassy
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