Using the Business Model Canvas to Explore how Independent South African Musicians do Music-as-Business

by

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Thesis presented in fulfillment of the requirements for the degree of Magister Philosophiae of Music Technology in the Faculty of Arts and Social Sciences at the University of Stellenbosch

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Abstract

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Die besigheidsmodel van die internasionale en Suid-Afrikaanse musiekindustrie word voortdurend herdefinieer. Die veranderinge wat 'n nuwe besigheidsmodel vir musiek as 'n produk genoodsaak word hoofsaaklik gedryf deur tegnologiese ontwikkelinge wat 'n invloed het op die produksie en bemarkings van musiek. Hierdie studie ondersoek hoe onafhanklike musikante in Suid-Afrika te midde van hierdie industrie omwentelinge dink oor hulle musiekloopbane vanuit 'n besigheidsmodel perspektief. Die nege dimensies van die BUSINESS MODEL CANVAS word regdeur die studie as besprekings-raamwerk gebruik. Agt onderhoude is gevoer met onafhanklike musikante in Suid Afrika. Tematiese inhouds-analise van die getranskribeerde onderhoude is gedoen met die LEXIMANCER sagteware program. Die tema van *lewendige optrede* is uitgelig as die belangrikste inkomste-stroom vir onafhanklike musikante. Die *kwaliteit en uniekheid van musiek as 'n produk*, asook die *musikale diversiteit van die musikant*, word uitgelig as belangrike temas om waarde-proposisie drywers te bepaal. Hierdie twee insigte blyk of dit beinvloed hoe onafhanklike musikante huidiglik dink oor die samestelling van die res van die BUSINESS MODEL CANVAS. 'n Uitkoms van die studie is 'n diagram wat kern temas uitlig om in ag te neem wanneer 'n BUSINESS MODEL CANVAS vir onafhanklike kunstenaars in Suid Afrika ontwikkel word.

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The international and South African music industry value chain is continuously being redefined. These changes that require a new way of thinking about music as a product are primarily driven by the development of technology that continuously influence the production and marketing of music. This study explores how independent musicians in South Africa currently view their music careers from a business perspective in the midst of this industry revolution. It uses the nine dimensions of the BUSINESS MODEL CANVAS as a discussion framework throughout the study. Eight interviews were conducted with independent South African musicians who are making music as an income-generating career. Thematic content analysis of the transcribed interviews was done with the LEXIMANCER software programme. The theme of *live performance* is highlighted as the most important revenue stream for independent musicians. The *quality and uniqueness of music as a product* and the *musical diversity of the musician* are highlighted as important themes to determine value proposition drivers. These two insights seem to influence how independent artists currently think about the compilation of the rest of the BUSINESS MODEL CANVAS. An outcome of the study is a diagram highlighting key themes to consider when developing a BUSINESS MODEL CANVAS for independent musicians in South Africa.

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Dedicated to

Die faffeltjie. Wat gekomponeer het met besigheids-strategie.

Contents

List of Figures

Chapter 1

Introduction

"Come gather round people, wherever you roam, and admit that the waters around you have grown. And accept it that soon you'll be drenched to the bone. If your time to you is worth savin, then you better start swimmin or you'll sink like a stone ... For the times they are a-changin."

Bob Dylan

THE global music industry is undergoing rapid transformation. This transformation has primarily been driven through the development of technology that has made the commercial distribution of music through online channels a reality. According to Hougaard *&* Tvede (2010:86) music has become an non-excludable product as a result of the development of the technology that has introduced the MP3 file-format[1] and peer-to-peer networks[2]. to the music industry in 1995 and 1999 respectively.

As a result the structure of the music industry is changing (Bockstedt *et al.*, 2006:7). The entire music industry value chain[3] has to be innovative. Business models need to be adapted in an industry where digital platforms have changed the way music is produced, promoted and consumed.

International independent bands like *Linken Park* with their company *Machine Shop* are pioneering innovative business models to adapt to the changes

[1] In essence, MP3 (MPEG-1/2 Layer-3) is a file coding system that enables the compression of audio material. It has decreased file sizes dramatically, which has enabled file sharing (Brandenburg, 1999:1).

[2] "A peer-to-peer (P2P) network is created when two or more computers are connected and share resources without going through a central server" (Cope, 2002:n.p.).

[3] The value chain is a strategic management philosophy developed by Porter (1987:5) to provide a more holistic approach to business strategy. It recognizes how value is added in the relationships between different links in the supply chain. In the music industry, it would include the links between music producers, recording studios, the artists themselves, as well as the distribution channels for commercial music.

brought on by a digitized economy (Berry, 2015). The South African music industry seems slow to change with the times. This has potentially negative financial implications (Vermeulen, 2014:n.p.).

How are independent South African musicians responding to the changing times?

1.1 Background and Context

In 1998 the South African Department of Arts, Culture, Science and Technology appointed the Cultural Strategy Group (CSG) to determine what the "current reality" (from an economic perspective) was for the music industry in the country. The goal of the CSG study was to develop strategies to increase the export potential and employment opportunities within cultural industries in a post-Apartheid South Africa (De Villiers, 2006:15).

Capacity building to enable employment opportunities within cultural industries remains a strategic goal of the national government. This is seen as crucial in in a country where unemployment has reached alarming proportions[4]

For the music industry in South Africa to be a viable income-generating employment sector for independent musicians, capacity building also implies small business enterprise development. Applicable infrastructure- and business model development is key.

The questions are: What should that infrastructure[5] look like in the South African independent music industry? Which business models are locally applicable for independent musicians in South Africa, considering the changes in the music industry on a global scale?

This study aims to develop themes from a South African perspective to provide recommendations for the development of a BUSINESS MODEL CANVAS framework applicable to the independent music industry in South Africa.

1.2 Problem Statement

Exploratory interviews for this study have indicated that independent recording musicians still invest substantial amounts of their own money into producing and reproducing physical albums. They invest financially in the manufacturing of a physical product for which there seems to be a diminishing market. Hence, they often do not get the financial return on that investment. They are also seemingly not earning a sustainable income from digital sales or

[4] Averaged 25.27 percent from 2000 until 2015 (n.a., 2015*i*).

[5] Infrastructure development implies an understanding of the support needed to develop the entire value chain required to take a song from its creative inception to the point where it can be a commercial product.

online streaming. The old business model thinking implied in this approach to *music-as-business* does not seem to make any financial sense anymore.

The problem that this study aims to address is the lack of current contextual academic research that could provide insights for the development of a BUSINESS MODEL CANVAS framework for the independent music industry in South Africa[6].

Consumer behavior in terms of buying music in a digitized world is changing (Passman, 2014:71). A musician's "dream of making an album" is met with the reality of a changing consumer market that seems to not be interested in buying physical albums any more (Mayer, 2014:37).

How should independent musicians in South Africa go about at least attempting to run a financially sustainable small business? This is based on the assumption that being financially sustainable as a small business would enable them to be full-time independent musicians. This could contribute to job creation in the South African cultural sector. Are there business models insights to glean from those who are currently commercially active independent musicians in South Africa?

1.3 Research Design

This study is an exploratory study that follows a qualitative research methodology. The questions posed in the problem statement were addressed through the exploration of contextualised BUSINESS MODEL CANVAS insights for South Africa through:

1. Secondary data collection: A literature review.
2. Primary data collection: Interviews with independent musicians in South Africa.
3. Thematic analysis of primary data: Discussion of combined LEXIMANCER topical network maps and wordclouds that emerged from the interview data for the nine BUSINESS MODEL CANVAS dimensions.
4. The development of a diagram highlighting key themes to consider when developing a BUSINESS MODEL CANVAS for independent musicians in South Africa.

Secondary data was collected through a literature review using the BUSINESS MODEL CANVAS as a conceptual framework[7]. The framework was

[6] The BUSINESS MODEL CANVAS is a business strategy tool developed by Osterwalder & Pigneur (2010) to assist in developing a visual blueprint of nine key business dimensions for any organization. It will be discussed in-depth in Chapter Two of this study.

[7] Chapter Two explores the BUSINESS MODEL CANVAS more in-depth.

further explored through a series of eight case studies that involved primary data collection through semi-structured interviews conducted in person and via email. The interviews were conducted with with a non-probability sample of commercially active independent South African musicians. Thematic analysis of the transcribed interviews and survey responses was done with the use of the LEXIMANCER qualitative data analysis software. Emerging themes were visually represented by topical network maps and wordclouds. These themes were discussed according to the nine dimensions of the BUSINESS MODEL CANVAS. Insights from the secondary and primary data informed the recommendations of this current study.

1.4 Structure of the report

This chapter serves as an overview of the background to the research problem and methodology. Chapter Two discusses the qualitative research design of the study. The discussion of the research design is done prior to the literature review since the gathering of the secondary data is guided by the defined BUSINESS MODEL CANVAS conceptual framework. Chapter Three explores the literature relevant for theoretically informing the development of a framework according to the nine BUSINESS MODEL CANVAS dimensions. Literature that is relevant for independent recording musicians in the South African context is discussed. Chapter Four presents eight case studies developed from interview insights with independent recording musicians in South Africa. It uses the nine dimensions of the BUSINESS MODEL CANVAS[8] as a guide for interview discussions. Chapter Five explores themes that were drawn for each dimension of the BUSINESS MODEL CANVAS. It presents combined insights from the gathered interview data through LEXIMANCER topical network maps and wordclouds. Chapter Six concludes with recommendations that can be applied to develop a contextual BUSINESS MODEL CANVAS framework for the independent music industry in South Africa.

1.5 Chapter Conclusion

If the cultural sector is to be a financially viable self-employment option for independent South African musicians, strategic investment is needed to develop enabling infrastructure on a national and industry level. One of the ways to assist the development of infrastructure is to grow the contextual body of knowledge for a particular industry that attempts to addresses its particular challenges.

[8] The nine dimensions are: Customer Segments, Value Proposition, Channels, Customer Relationships, Revenue Streams, Key Activities, Key Partners and Cost Structure.

This study aimed to explore the experiences of musicians who are currently commercially involved in the independent music industry in South Africa. These musicians were asked during interviews to reflect on their own BUSINESS MODEL CANVAS framework. Their answers are presented as case studies in Chapter Four and combined topical network maps in Chapter Five of this document. The emerging themes were used to guide recommendations for the development of a contextual BUSINESS MODEL CANVAS framework in Chapter Six.

The insights can potentially be used to inform the development of innovative business models to develop the independent music industry in South Africa. This study hopes to contribute to the development of a theoretical context for the development of a national infrastructure that can assist independent musicians to be self-employed and financially sustainable. A conclusion of the study is a diagram highlighting key themes to consider when developing a BUSINESS MODEL CANVAS for independent musicians in South Africa.

Chapter 2

Research Design

"... a discipline without a large number of thoroughly executed case studies is a discipline without systematic production of exemplars, and a discipline without exemplars is an ineffective one. In social science, a greater number of good case studies could help remedy this situation.[1]*"*

Bent Flyvbjerg

THIS chapter discusses the research methodology followed for the study. It is an exploratory study that follows a qualitative research methodology. Secondary data was collected through a literature review. This informed the theoretical framework used to develop eight case studies. The case studies were developed through semi-structured personal and email interviews. The research population from which the cases were developed consisted of commercially active independent South African musicians. Thematic analysis of the transcribed interviews and survey responses was done with the use of *Leximancer* software. The emerging topical network maps supported by word-clouds were used to inform the discussions insights gained. The insights were used to develop themes for a BUSINESS MODEL CANVAS framework for the independent music industry in South Africa.

The study integrated key combined insights from the interviews to explore how independent musicians in South Africa currently describe their careers from a BUSINESS MODEL CANVAS perspective. Wordclouds of the interview responses to each of the nine BUSINESS MODEL CANVAS themes were also developed by using the online WORD CLOUD GENERATOR software developed by Jason Davies Daviews (2015). The wordclouds are included in the discussion

[1] (Flyvbjerg, 2006:242)

of the primary data in Chapter Five to supplement the LEXIMANCER topical network maps.

2.1 Research Objective

The primary objective of this exploratory study was to gain qualitative insights into how independent South African musicians who are commercially active describe their own BUSINESS MODEL CANVAS.

This objective is explored through primary data collection. Insights are also drawn from secondary data through conducting a literature review.

2.2 Research Questions

The aim of this study was to develop a theoretically informed context for answering two key practical questions:

1. How should independent musicians in South Africa go about at least attempting to run a financially sustainable small business?

2. Are there BUSINESS MODEL CANVAS insights to glean from those who are currently commercially active independent musicians in South Africa?

Through systematically exploring answers to these questions this current study aimed to develop BUSINESS MODEL CANVAS themes from a South African perspective. These themes were used to inform recommendations for the development of a BUSINESS MODEL CANVAS framework applicable to the independent music industry in South Africa.

An outcome of the study is a diagram highlighting key themes to consider when developing a BUSINESS MODEL CANVAS for independent musicians in South Africa.

2.3 Research Population

The potential contribution of cultural industries to grow developing economies is explored by Throsby (2002:14). South Africa abounds with musical talent but struggles with unemployment. In this context self-employment as an independent musician could be a career-option (Jonker *et al.*, 2009:383). It is however one thing to write and produce music, and quite another challenge to make a living out of it as an independent musician who records and performs music as a career Schoeman (2012:5).

Hence, the research population for this study was commercially active South African independent musicians from different music genres.[2] For the purpose of this study this population included musicians who write and record music for commercial or non-commercial exchange[3] purposes who are not signed with a record label.[4]

2.4 A two-tier Qualitative Methodology

The exploratory nature of the research objective of the study warranted a qualitative methodology (Braun & Clarke, 2013:31). The data collection was done through interviews to develop eight case studies. This study also explored combined themes that emerged for the nine BUSINESS MODEL CANVAS dimensions discussed in each of the case studies.

According to Flyvbjerg (2006:222), case study methodology is at the heart of gaining expert knowledge and understanding of any particular field. Baxter & Jack (2008:544) defines qualitative case study as "... an approach to research that facilitates the exploration of a phenomenon within its context using a variety of data sources."

According to Rowley (2002:17), case studies are valuable when the research question entails asking "why" or "how" in the context of a particular phenomenon. The current study aimed to make use of elements of the case study approach to present eight interviews with independent musicians from different music genres in South Africa. The interviews used the BUSINESS MODEL CANVAS as a discussion framework for the musicians to provide an account of their current business practices for case study purposes. This relates to the "how" question characteristic of case study research.

A LEXIMANCER analysis was done to develop topical network maps, supplemented by wordclouds, to discuss the combined themes that emerged for the nine BUSINESS MODEL CANVAS dimensions discussed in each of the case studies.

2.4.1 Ontological and Epistemological assumptions

The ontological assumption of the current study leans towards a critical realist position as defined by Braun & Clarke (2013:27). The critical realist position holds that "knowledge is viewed as socially influenced and is thought to reflect

[2] Solo musicians, bands, session musicians and performing producers are included in this population.

[3] Exchange as a concept refers to the process of a willing buyer and a willing seller who engage with one another. One party has something of value that another party is willing to make a trade for. It can be a money-for-product exchange, or any other exchange that is relevant to the context (Lamb *et al.*, 2010:9).

[4] Also referred to as independent musicians.

a separate reality that we can only partially access." Hence, an external reality (i.e. the independent musicians' account of their business practices within the music industry), provides a foundation for knowledge.

The epistemological assumption of the study tends towards contextualism as defined by Braun & Clarke (2013:30). The knowledge gained from the current study is viewed as being local, situated, and provisional, particularly also because of the use of non-probability sampling methods and a limited sample size within a defined industry. The knowledge is however viewed as being "true" within the particular context. Flyvbjerg (2006:242) presents an argument for the development of cases studies within social sciences, highlighting how case examples provide depth of knowledge within a discipline.[5]

These assumptions guide the methods used to gather primary data for the current study and inform the discussions, conclusions and recommendations.

2.4.2 Sampling

There is no formal database for the research population. A sample was drawn from the research population using non-probability techniques. A combination of convenience, snowball and judgment sampling was used.

2.4.2.1 Sampling Methods

Convenience sampling implies that the researcher approaches participants based on their accessibility (Braun & Clarke, 2013:57). For the initial sample of the current study, the researcher approached personal acquaintances who are involved as independent musicians in the South African music industry. In certain instances emails were sent via the website of the musician. Their willingness to participate in the study gave opportunity for snowball sampling. The original participants were asked to recommend other participants for the study from their personal networks. This sampling method included a dimension of judgment sampling since the researcher has professional experience in the South African music industry as a publicist and recording artist.

2.4.2.2 Sample Size

There isn't a general rule of thumb in terms of the minimum number of qualitative interviews needed for thematic analysis by Leximancer. According to Braun & Clarke (2013:45) a suitable sample size for when the research questions is aimed at exploring participants' accounts of practices or behaviors, needs to be "... large enough to capture a range of accounts and not so large that you are drowning in data". The rule of thumb used in this study to

[5] "A purely descriptive, phenomenological case study without any attempt to generalize can certainly be of value [...] and has often helped cut a path toward scientific innovation" (Flyvbjerg, 2006:227).

decide on the number of interview adequate to answer the research questions was saturation.[6] A study by Guest *et al.* (2006:79) found that between six and twelve interviews could be sufficient to reach saturation for non-probability studies. This current study conducted interviews with eight independent recording musicians from different music genres to develop insights for the case studies presented in Chapter Four.

2.5 Data Collection

According the Braun & Clarke (2013:78) interviews are the most used data collection methods in qualitative research. It served the purposes of the research questions of the current study.

The rich data required to develop themes for a BUSINESS MODEL CANVAS framework was collected through semi-structured personal interviews or online through a Qualtrics-generated open-ended questions survey and emails. The reason for adding the online survey interview option was to accommodate the research population who a) by the nature of their vocation are sometimes on tour, or b) do not always have the time to spend on personal interviews.

2.5.1 Interview Guide

The semi-structured interviews were guided by questions adapted from on the nine building blocks of the BUSINESS MODEL CANVAS. The following questions were developed to explore each of the building blocks:

1. **Customer Segments**: Who would you describe as the target market for your music?
2. **Value Propositions**: What do you think is the value proposition that you offer? Please comment on the following in your response: Why do you think people are willing to pay for your music? / What do you think is your competitive advantage?
3. **Channels**: How do you distribute your music? i.e. Where can people buy your music from?
4. **Customer Relationships**: How do you build relationship with your "fans", supporters, audiences? Please comment on the following in your response: What are you currently doing to build relationship with your audiences? What do you think audiences expect these days?
5. **Revenue Stream**: What are the main revenue streams from music for you? Basically, how do you make a living from making music?

[6] Saturation implies that no new themes emerge from conducting more interviews (Guest *et al.*, 2006:65).

6. **Key Resources**: What resources do you need to be able to make music for a living? Resources can be financial, human, time etc. Basically, what goes into the "manufacturing" of music as a commercially viable "product", in your experience?

7. **Key Activities**: What are the key activities for you personally related to making music for a living? What do you need to do practically?

8. **Key Partners**: Who do you need to work with to make music for a living? Who are your key partners?

9. **Cost Structure**: What do you have to pay for to be able to make music for a living? Basically, the expenses side of your budget as a musician.

Since the interviews were semi-structured the interviewees had the opportunity to raise more issues during the interview or via email. The discussion was however guided by these predetermined questions.

2.5.2 Data Capturing

The personal interviews were recorded by using the digital voice recording functionality of an APPLE IPHONE. The phone stored the individual interviews in MP3 format. The MP3 was transferred to a personal computer and replayed for transcription purposes. The online survey interview responses were captured by the Qualtrics system and stored in PDF format for further analysis. The email interviews were recorded as WORD documents and stored for further analysis.

2.6 Data Analysis with Leximancer

Thematic analysis of the transcribed interviews and written survey response texts was done with the use LEXIMANCER software. LEXIMANCER is a software tool designed to analyze natural language in different formats. It takes the collection of words, or transcribed interviews in the case of the current study, and extracts semantic meaning and relational information between concepts. The output generated from the LEXIMANCER analysis is in the form of a topical network map that informs an understanding of how the concepts discussed connected in relation to each other. The foundation of the statistics of the analysis is found in framing theory (Angus, 2012). The concepts are visually mapped in order to assist the development of meaning into insights. The themes from the LEXIMANCER concept maps that emerged for this study were combined manually with insights from the literature review and case studies. This was used to inform the data analysis discussion of Chapter Five.

2.6.1 Transcription

The transcription style used was orthographic or verbatim transcription. The focus of this method is on what was said, not how it was said (Braun & Clarke, 2013:162). The online surveys were already in verbatim written format.

2.6.2 Data Preparation

LEXIMANCER supports different file formats, including text, image, audio, video, geo-data and survey data. This current study stored the transcription files as WORD files that could be uploaded directly into the software programme.

The eight transcribed interviews were each manually cleaned by removing interjections by the interviewer. LEXIMANCER automatically removed reoccurring "stop words" that could influence the concept map when it ran the analysis.

The transcribed interview responses were divided into nine separate WORD documents according to the nine themes of the BUSINESS MODEL CANVAS.

These nine primary documents were used to run an initial online wordcloud analysis, and also the LEXIMANCER analysis.

2.6.3 Data Coding

LEXIMANCER has a built-in statistical function that automatically codes the concepts and creates topical concept maps. Quotations from the transcribed interviews are linked to themes and their connected concepts in the generated output file.

2.6.4 Data Analysis

Chapter Four presents the eight exploratory case studies developed through personal interviews and online secondary research. These case studies were developed to gain more understanding of how independent artists in South Africa currently structure their BUSINESS MODEL CANVAS.

Responses from the case studies were combined into the nine dimensions of the BUSINESS MODEL CANVAS through LEXIMANCER topical concept maps and wordclouds. McNaught & Lam (2010:643) demonstrates how wordclouds can be used as a supplementary research tool in qualitative data analysis. This current study made use of an online wordcloud generating tool to synthesize the responses from the eight different case studies into nine separate word clouds. The wordclouds are discussed in Chapter Five to supplement the LEXIMANCER topical network maps.

2.7 Discussion of Findings

Flyvbjerg (2006:223) highlights how valuable and central context-dependent knowledge gained through case-study research is for social sciences. This applied to the contextual study of the music industry too.

Non-probability sampling was used which implies that the findings of this current study is not generalizable to the entire research population. It does however provide a framework for further studies and explores practical recommendations.

Interpretations of the themes developed through the data analysis in Chapter Five is used to guide the discussion of recommendation in Chapter Six.

2.8 Chapter Conclusion

Very little current South African academic research exists that explores how the changes in the global music industry are affecting the way independent South African recording musicians approach decisions about their Business Model Canvas.

The insights gained from this study can assist independent recording musicians with their decision-making in terms of how they will approach the different areas of the Business Model Canvas as it applies to their music as a commercial product.

The insights can also be of value for the development of a more holistic approach to tertiary music education. The insights can also be used to explore the changing role of record labels and other role-players in the South African music industry value chain.

The following chapter explores literature pertaining to concepts included in the the nine dimensions of the Business Model canvas, applied to the South African music industry context.

Chapter 3

A literature overview exploring the independent South African music industry BUSINESS MODEL CANVAS

"Digital track sales are falling at nearly the same rate as CD sales, as music fans are turning to streaming: on iTunes, SoundCloud, Spotify, Pandora, iHeartRadio, and music blogs. Now that music is superabundant, the business (beyond selling subscriptions to music sites) thrives only where scarcity can be manufactured, namely in concert halls, where there are only so many seats, or in advertising, where one song or band can anchor a branding campaign."

– Derek Thompson, 2015

"Fans looking for music that is outside the narrow commercial focus of Musica have been driven to the internet to source their listening pleasures, while local artists, faced with zero chance of getting their independently produced recordings stocked in chain retailers, are using social networking platforms such as Facebook, Myspace and Twitter to promote and sell their music, which they do through mail order or at gigs."

– Lloyd Gedye (Mail and Guardian), 2011

THIS chapter explores literature pertaining to concepts included in the nine dimensions of the BUSINESS MODEL CANVAS. The concepts are applied to the South African music industry context.[1].

3.1 Background

The global music industry is in the midst of grappling with business model implications brought about by the internet (Keesan, 2008:353).

According to Vaccaro *&* Cohn (2004:47) the traditional business model of the music industry concerned itself with the "...mass production and distribution of physical goods". This model no longer has prominence in terms of representing the contemporary industry structure.

Independent musicians are faced with the challenge of understanding changing consumer behavior when it comes to music consumption in an online age (Campos, 2012:12). According to Hougaard *&* Tvede (2010:86) music has become an non-excludable product as a result of the development of the technology that has introduced the MP3 file-format[2] and peer-to-peer networks[3]. to the music industry in 1995 and 1999 respectively. In a digitized economy the business models applied by especially independent artists need to consider the implications of these developments (Bockstedt *et al.*, 2006:26).

The ease with which music files can be shared in a digital environment has also had a significant impact on the *marketing mix*[4] decision-making in the music industry. This is one of the key considerations when exploring the BUSINESS MODEL CANVAS. Digital music distribution platforms like *iTunes* are impacting traditional CD sales (Hougaard *&* Tvede, 2010:88; Rao, 1999:299). Social media platforms like YOUTUBE, FACEBOOK and SOUNDCLOUD have opened up new avenues for music marketing, particularly also through sampling[5] (Peitz *&* Waelbroeck, 2006:912).

According to Hracs (2012:454) the technological developments in the music industry are particularly conducive for independent musicians when it comes to the production and distribution of their music.

This chapter theoretically explores the nine dimensions of the BUSINESS MODEL CANVAS to focus on the South African music industry.

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[1] "The music industry can be defined as the whole social, regulatory, technological and economic system that brings an original musical supply within reach of consumers who want to listen to it" (Bourreau *et al.*, 2008:2).

[2] In essence, MP3 (MPEG-1/2 Layer-3) is a file coding system that enables the compression of audio material. It has decreased file sizes dramatically, which has enabled file sharing (Brandenburg, 1999:1).

[3] "A peer-to-peer (P2P) network is created when two or more computers are connected and share resources without going through a central server" (Cope, 2002:n.p.).

[4] The *marketing mix* is a term that refers to the 4Ps of marketing, namely product, price, place and promotion (Lamb *et al.*, 2010:445).

[5] In this context, sampling refers to a sales promotion technique where the consumer has the opportunity to sample a product before the make a purchase decision.

3.2 The changing music industry: Global paradigm shifts

Pratt & Jeffcutt (2009:57) stated that digitisation is the latest and most complex set of technological developments that has influenced the global music industry. Firstly, the format of music as a consumer product in the past few years has developed from a physical album format sold through retail channels, to a digital single MP3 track format sold through online platforms (Bockstedt *et al.*, 2006:8).

Secondly, it seems like industry trends are indicating that music might be moving away from being valued by consumers as an own-able product, to being valued by consumers as a rentable service (Vaccaro & Cohn, 2004:49). According to Thompson (2015) "CDs are dead [...] and if CDs are truly dead, then digital music sales are lying in the adjacent grave. Both categories are down double-digits in the last year, with ITUNES sales diving at least 13 percent." This supports the notion that music as a product is changing in its perceived value for consumers. This has significant business model and marketing implications for the music industry. Notably, the approach to developing a marketing plan for a product (4Ps) differs from developing a marketing plan for a service (7Ps) (Lamb *et al.*, 2010:471).[6].

For example, the rock band U2 and computer company APPLE caused a stir in September 2014 when ITUNES account holders found the new album SONGS OF INNOCENCE to download for free in their accounts. The campaign was a combined celebrity endorsement tactical launch of the APPLE IWATCH with the new U2 album. APPLE paid U2 for the album and its marketing campaign and distributed it for free. It was the precursor to the launch of the APPLE MUSIC streaming service in 2015 Mayer (2014).

3.2.1 From CDs to MP3s - a product revolution

Bourreau *et al.* (2008:9) provides three perspectives when defining music, or a musical work, as a product [7].

As a consumption good, a musical work can be viewed as one of the following:

1. **An experience good**: Taking into consideration the influence of consumer individual learning and preference in its production.

[6] The traditional 4Ps are product, place, price and promotion. With a service, the three additional Ps are people, physical evidence and process (Lamb *et al.*, 2010:471). Vaccaro & Cohn (2004:49) adds an additional P, namely productivity, to the services marketing mix.

[7] Graham *et al.* (2004:1091) defines the traditional product in the music value chain as "a package of prerecorded music captured on a physical format, such as a CD".

Figure 3.1: U2 on the cover of TIME (29 September 2014). The article discusses their partnership with *Apple* to give *Songs of Innocence* away for free to all *iTunes* account holders

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2. **A social good**: Taking into consideration the social factors influencing buyer decision-making in its production and distribution.

3. **A cultural good**: Taking into consideration that consumer tastes develop and adapt as they develop a shared culture of consumption.

The perspective one adopts will determine if the production of music is seen as a result of individual, combined or contribution capital as primary production input (Bourreau *et al.*, 2008:13).

In the process of moving from CDs to MP3s one can assume that all three of these definitions are influenced. Particularly, music as a social good. As consumer decision-making changes to respond to technological developments, the production and distribution of music has adapted.

One of the main technological influences on the music industry was the development of the MP3 compression standard. This enabled the compression of music file sizes to the point of digital commercial viability (Pratt *&* Jeffcutt, 2009:59). Increased internet bandwidth and developments in personal computer capabilities together with the development of music storage and listening devices like the Apple iPod has significantly changed the way that consumers engage with music as a product.

One of the challenging results of these developments is the proliferation of illegal music downloading and peer-to-peer file sharing (Bourreau *et al.*, 2008:2). For the purpose of the current study, this negative impact of digitalisation is not elaborated on in-depth. It does however pose a considerable challenge for the industry.

3.2.2 From MP3s to streaming subscriptions - a service revolution

According to Thompson (2015) the digital revolution is already undergoing another revolution. Citing the decrees in both CD sales and digital track sales through iTunes in the USA during 2014, he highlights that US consumers are increasingly streaming music[8] through platforms like Spotify, iHeartRadio and Pandora. The launch of Apple Music in 2015 made the impact of streaming even more global.

It seems like music as a consumer good is changing from being a product that people buy to own, to being a service that people subscribe to rent. This shift from being a product to being a service again has business model structure implications.

This chapter will contextualize these trends by positioning them within a Business Model Canvas discussion of the South African music industry.

3.3 Business Model Canvas applied to the music industry

The Business Model Canvas is a strategic business model generation tool developed by Osterwalder *&* Pigneur (2010:19). It was designed to explore

[8] "Music streaming is renting songs. You don't buy the songs from the streaming service; you just pay a monthly or regular fee to listen to the songs whenever you want."(n.a., 2015*h*)

the most effective way to define and structure the business models of for-profit companies. The BUSINESS MODEL CANVAS can be used to explore any business, also in the music industry, from the perspective of nine dimensions. These dimensions are:

1. Customer Segments
2. Value Propositions
3. Channels
4. Customer Relationships
5. Revenue Stream
6. Key Resources
7. Key Activities
8. Key Partners
9. Cost Structure

This model was used by Campos (2012:7) to develop a contemporary independent artist business model applied to the Brazilian market. He specifically explored digital sales and subscription streaming services as new revenue streams that artists can gain income from through their music. He also explored online crowd-funding as a way to build relationships with fans whilst getting the capital needed to make an album. Each of these dimension will now be explored with specific application to the SA music industry.

3.3.1 Customer Segments

One of the foundation principles of the consumer orientation[9] is to base all marketing efforts on a clear understanding of target market needs and wants (Lamb *et al.*, 2010:177). An exploration of how the music industry approaches market segmentation is therefor paramount.

Cost and physical constraints used to limit the size of the audience that could be reached with an information product (Graham *et al.*, 2004:1090). According to Toulson (2008:2) the internet has now opened up a much wider audience for musicians to promote their music to.

The downside to this from a music *manufacturing and selling* perspective is that the market has becomes saturated with new music. This resulted in an escalation of consumer choice. The basic economic principle of supply and demand in a free market system applies, as Graham *et al.* (2004:1095)

[9] A contemporary marketing philosophy regarding strategy development.

explores from a record label perspective. The balance of power within the industry seems to have largely shifted towards the consumer.

One of the ways to segment a consumer market is to use the benefits that different groups of people seek from the product. Hence, when considering the buying behavior of consumers in a digitized economy, general insights into their online shopping habits are useful. These insights could be used when developing new distribution strategies for music.

The benefits that consumers seek when shopping online include: choice, control, communication, convenience, cost and customisation (Vaccaro *&* Cohn, 2004:49). These benefits sought are in the process of becoming hygiene factors, and not just satisfiers. Hygiene factors are service elements that can cause customer dissatisfaction. If they are present it is not necessarily noticed, but if it is missing, it is.[10]. In contrast, satisfiers are service delivery elements that contribute significantly to customer satisfaction. If they are missing it might not be noticed, but if they are present it adds to the customers experience of service excellence.[11]. (Lamb *et al.*, 2010:8).

These benefits sought can be used for developing market segments, specifically when distributing music online. There are also other bases for segmenting consumer markets. The traditional bases for segmenting consumer markets include demographic, geographic, psycho-graphic, behavioral and benefit segmentation strategies.

3.3.1.1 Segmenting the South African music market

There are unique market segmentation approaches that have been adapted specifically for the South African consumer market. The Living Standards Measure (LSM) approach is used often. This segmentation method draws from demographic, geographic and lifestyle segmentation approaches.

Living Standards Measure - LSM: The Living Standards Measure is a market segmentation tool developed by the South African Advertising Research Foundation (SAARF). Its premise is to segment the South African population into ten groups according to a combination of the following factors: ownership of durable goods, level of education, access to media and a few other demographic factors such as gender and level of income (Lamb *et al.*, 2010:51). Currently, there are ten LSM groups, ranging from LSM1 (the lowest level of education, income and least amount of durable goods and media access) to LSM10 (the highest level of education, durable goods ownership and media access).

In terms of identifying customer segments for music in South Africa, LSM provides insight into which groups have regular access to internet. This insight leads to knowing which groups are potential target audiences for online sales

[10] An example is the cleanliness of a hotel room.

[11] Expensive chocolates on the pillow in a hotel room is an example.

and digital streaming services. Mobile penetration is also important to note in the South African market context. LSM also specifies which media channels are preferred by the different segments.

The SAARF also develops attitudes, lifestyle, and life stages segmentation tools for the South African market.

A combination of lifestyle[12] and life-stage[13] segmentation, for example, shows that the largest percentage of "show-goers" fall in the "mature singles" segment. This also has relevance for the music industry in terms of identifying target markets for live shows.

3.3.1.2 The monetary value of the South African music market

The fifth edition of the PwC SOUTH AFRICAN ENTERTAINMENT AND MEDIA OUTLOOK (2014-2018) reports on the South African music market by looking at historical data and forecasts for revenue generated[14] from five segments. These segments are physical recorded music revenues, live music revenues, digital recorded music download revenues, digital recorded music streaming revenues and digital recorded music mobile revenues (PWC, 2014). These segments will be used to discuss the distribution channels for music in South Africa. According to this report, the South African music market was worth R2.056 billion in 2014, set to grow to R2.18 billion in 2018.

3.3.1.3 Segmentation of music markets by genre

The annual South African Music Awards (SAMA)[15] distinguishes the following seventeen distinct commercial genre categories in South Africa: Rock, Pop (English), Pop (Afrikaans), Adult Contemporary (English), Adult Contemporary (Afrikaans), African Adult, Alternative, RnB/Soul/Reggae, Rap, Kwaito, Dance, Traditional Faith, Contemporary Faith, Traditional Music, Maskandi, Jazz, and Classical and/or Instrumental (n.a., 2015*j*). These genres provide a framework to identify the consumer segments within the South African market related to them commercially.

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[12] The lifestyle segments include cell sophisticates, gamers, avid readers, traditionals, show-goers etc.

[13] Lifestage segments include at home singles, young independent singles, mature singles, young couples, mature couples, young families, single parent families and mature families

[14] Spending is measured at retail level (PWC, 2014).

[15] The SAMAs is a prestigious music industry benchmark in South Africa, supported by the National Department of Arts and Culture (n.a., 2015*j*), hence the reference to their genre categories.

3.3.2 Value Proposition

Music is a complex product to define and hence to differentiate and positioning in a specific consumer market. The artistic- and subsequent potential economic value of commercial music depends largely on consumers' unstable and unpredictable aesthetic preferences (Graham *et al.*, 2004:1088). There needs to however be a perceived value connected to a product if consumers are going to spend money on buying it. The question from a seller perspective is: Wherein lies the value proposition of commercial music currently?

In this chapter the BUSINESS MODEL CANVAS is used as a theoretical framework. There are however numerous other business model approaches that can also be applied. In a study that explores the effect of digital developments on the music industry Bourreau *et al.* (2008:5) identifies five possible resulting business model scenarios. These scenarios are constructed by using an interpretation of relevant variables to be included when developing a business model specifically for the music industry. Based on the combination of these variables, five scenarios result as potential business models approaches in the music industry. One of the variables used to conceptualize different business model scenarios for the music industry is the source of value and income collection.[16]

Each of these scenarios provide a different interpretation of what the source of the value proposition of music is in a digitalised industry:[17]

1. **The Hit and Run scenario**: The emphasis of this scenario remains on pushing the sales of copyright protected songs, now just on digital platforms like ITUNES. The value of music remains in how well it can be legally protected from piracy and copyright infringement.

2. **The Jingle scenario**: The emphasis of this scenario is on forgoing revenue through music sales. Music is distributed freely without copyright infringement threats. Revenue is pursued in other markets like advertising, or through charging subscription fees for streaming services. In this model music has no intrinsic value as a product. Its value lies in serving as a promotional tool for other products.

3. **The Happy Few scenario**: This scenario recognizes that digitalisation has opened the playing field to artists who do not need access to

[16] The other variables are i) the conception of a musical good; ii) diversity in musical works; iii) the type of matching between value and supply; iv) the nature of relations within the value chain; v) the key players and vi) the activity and the structure of the market (Bourreau *et al.*, 2008:13).

[17] In these different scenarios, perceptions of the value propositions that music can have is based on i) the music as an actual product; ii) the promotion that is made of it; iii) the community-based meta-information that can be shared about it; or iv) the opportunity that it provides for co-collaboration (Bourreau *et al.*, 2008:13).

mass media to gain the attention of the public. It suggests that revenue through music sales, and the subsequent value of music, can be secured by identifying market niches and community-based recommendations.

4. **The Net Label scenario**: In this scenario the value is not situated in the musical content but in the social community created around the music. This community has the technological means to share meta-information in a virtual space. The principles of decentralized promotion and influencer marketing apply.

5. **The Consumartist scenario**: In this model music is viewed as a "contributive cultural good". Its value lies in the contribution it can make to the societal experience of co-creation. Open-source, creative commons type licensing applies. The lines between consumption and production, as well as amateur and professional, is blurred.

The **Happy Few scenario** described above provides a backdrop for exploring the value propositions of independent musicians in South Africa. This also relates to identifying innovative channels to distribute music to niche markets.

3.3.3 Channels

According to Graham *et al.* (2004:1088) one of the major implications of the digitisation of the music industry is that the physical distribution system associated with getting an album to market will become increasingly less necessary. He highlights how business models built around having access to previously sought-after physical distribution channels could loose their competitive advantage. This is due to the increased ease of distribution through online channels.[18].

All the role-players in the music industry value chain[19] have to be innovative to adapt their business models since digital platforms have changed the way music is produced and consumed.

There are essentially four aspects involved when designing a supply chain: Defining the structure of activities, choosing the actors, employing governance mechanisms, and putting a co-ordination structure in place (Graham *et al.*, 2004:1091).

[18] A retail distribution deal, for example, won't necessarily give an artists a competitive advantage over an independent artists who is just selling their music online any longer.

[19] The value chain is a strategic management philosophy developed by Porter (1987:5) to provide a more holistic approach to business strategy. It recognizes how value is added in the relationships between different links in the supply chain. In the music industry, it would include the links between music producers, recording studios, record labels, the artists, intellectual property rights protection agencies, distribution channels for commercial music, and the consumers (Bockstedt *et al.*, 2006:10).

Bockstedt *et al.* (2006) explores how music distribution in a digital era needs to change from having a traditional value chain perspective[20] to applying a virtual value chain approach.

In a virtual value chain music is viewed as an information good that goes through the following value-adding steps: gathered, organised, selected, synthesised and distributed (Bockstedt *et al.*, 2006:17). The virtual value chain primarily relies on online or mobile distribution systems to deliver the product to the consumer. Value is perceived to be added through the adding of information. There is no physical product to enhance through other physical value-adding activities like sorting, packaging (utility value) and physical transportation (place value). In this process the boundaries between the different role-players are also blurring. There has been an increase in the participation between musicians, producers, and even consumers (Toulson, 2008:1).

Graham *et al.* (2004:1088) highlights that the changes in the industry holds the biggest threat for record labels whilst providing new opportunities to benefit artists and consumers.

De Villiers (2006:3) explains how the government-appointed Cultural Strategy Group (CSG) utilized the Charles Landry five column model to analyze the South African cultural industries value chain in 1998. These columns are:

1. **Beginnings**: Referring to the socio-economic and soft infrastructures needed for creativity development.
2. **Production**: Referring to service and product production process.
3. **Circulation**: Referring to distribution processes.
4. **Delivery mechanism**: Referring to retail, broadcasting and live music.
5. **Audience reception and feedback**: Referring structured ways to receive audience feedback.

The CSG study also explored how the growth of the music industry in South Africa is a result of the complex linkages with other other cultural industries, as well as the influence of globalisation (De Villiers, 2006:17). This provides a useful context to explore the channels used by independent musicians to distribute their music.

3.3.3.1 Physical retail distribution of music in South Africa

According to the PwC South African entertainment and media outlook (2014-2018), retail spending on physical recorded music will decline

[20] The traditional music value chain follows a linear value-adding approach, from composition by the artist, to production and recording, to copyright/licensing/marketing/promotion, to manufacturing and distribution, to inventory and sales, to the consumer (Bockstedt *et al.*, 2006:16).

from R785 million in 2014 to R384 million in 2018 (PWC, 2014). This is a decrease of R401 million over four year.

Schoeman (2012:17) highlights that independent musicians in South Africa are seldom able to get their music sold through the traditional music retail outlets like MUSICA, LOOK'NLISTEN, CUM, RELIABLE or GOSPEL DIRECT without a license or distribution deal.[21]

If consumer spending on physical albums set to decrease by a projected R401 million over the next four years, how are independent musicians supposed to get a return on their album "manufacturing" investment? It is necessary to explore if digital sales are going to make up for the decrease in physical sales.

3.3.3.2 Digital distribution of music in South Africa

Schoeman (2012:21) explains that independent musicians in South Africa are able to distribute their music internationally through numerous online stories like ITUNES, PANDORA and INSOUND by creating a membership account on TUNECORE.[22] To distribute in South Africa, a website like RHYTHM ONLINE can be used. SHOPIFY is another online retail environment that specifically caters for selling music online. Independent artists can create an online store from user-friendly designed templates (n.a., 2015*g*).

The PwC SOUTH AFRICAN ENTERTAINMENT AND MEDIA OUTLOOK (2014-2018) reports a projected increase in revenue generated through legal digital downloads from R128 million in 2014 to R197 million in 2018. Even-though these projections indicate a R69 million increase on digital spending over the next four year, it does not seem to make up for the R401 million decrease in physical album sales noted above.

Mobile distribution might provide another revenue option to make up for the decrease in physical album spending.

3.3.3.3 Mobile distribution of music in South Africa

The BLACKBERRY WORLD music store became accessible to South African users in 2013, only available to BLACKBERRY users with a BLACKBERRY WORLD ID (n.a, 2013). The EXACT MOBILE website offers a South African platform for mobile distribition as well (Schoeman, 2012:21).

Revenue generated through mobile downloads of music is projected to stabilize around R45 million, with not much of a projected change from 2014 to 2018 (PWC, 2014). This seems to also not be the solution for making back the money spent by independent musicians on making an album. Digital streaming royalties are another revenue option to consider.

[21] Independent musicians can sign an agreement with a distribution company to get their albums in music stores. BOWLINE MUSIC, SELECT MUSIC DISTRIBUTION and FANTASIA MUSIC do distribution deals in South Africa (Schoeman, 2012:19).

[22] TUNECORE is a digital music distribution company (n.a., 2015*k*).

3.3.3.4 Digital music streaming in South Africa

SPOTIFY launched in 2008 as one of the first legal online music streaming services available globally. The SPOTIFY business model was developed in Sweden by Daniel Ek. He was searching for a way to counter the negative effects of illegal music downloading (De Wit *&* Meyer, 2014:267). The aim of the SPOTIFY concept was to develop an legal online service where people either don't pay, or pay a small monthly subscription fee to stream or legally download music. The free streaming service is limited to 20-hours per week and is funded by advertising. The paid-for subscription service is divided into either unlimited streaming online or a premium account that also allows downloading. SPOTIFY was set to launch in South Africa in 2014 (van der Berg, 2014).

Other global streaming services that follow a similar model include GOOGLE PLAY MUSIC ALL ACCESS, AMAZON CLOUD PLAYER, XBOX MUSIC and SONY MUSIC UNLIMITED (De Wit *&* Meyer, 2014:268).

The streaming services currently available to South African subscribers include DEEZER, NOKIA MIXRADIO, SIMFY AFRICA, RARA and RDIO (van der Berg, 2014).

The latest addition to the music streaming services line-up is APPLE MUSIC, which unofficially attracted more than 10 million users within the first month of its launch (Houghton, 2015).

Revenue generated through digital streaming subscription services is set to grow from R30 million in 2014 to R104 million in 2018 (PWC, 2014). This R74 million increase does not however translate directly back into the pockets of the musicians. Royalties payable to musicians from streaming services have been under the spotlight with international artist Taylor Swift removing her music from SPOTIFY.

These projected amounts that indicate how consumer spending on physical albums, digital sales and streaming services could change in the next four years. Increase in digital and streaming does not make up for the decrease in physical album sales. This indicates that musicians will need to think beyond "product" sales to support a financially sustainable independent career in South Africa.

3.3.3.5 Live music in South Africa

Schoeman (2012:2) highlights how arts festivals, theaters and live music venues have developed an infrastructure that supports live music performing in South Africa.

The biggest growth trend predicted in terms of revenue generation is for live music[23]. Revenue generated through live performances is set to grow from

[23]"Figures for live music revenues are made up of consumer spending on tickets to concerts and music festivals as well as sponsorship payments" (PWC, 2014).

R1.068 billion in 2014 to R1.451 billion in 2018. This is an increase of R383 million over four years.

The PwC South African entertainment and media outlook (2014-2018) report forecasts that live music performances will be the biggest revenue generator for the industry by 2018, having already surpassed physical recorded music revenues towards the end of 2013.

These projections have implications for how independent musicians need to think about setting up their distribution channels. An emphasis is on developing distribution strategies that include live performances as a key channel. This influences promotional strategies as well. Selling tickets to shows are seemingly becoming a more important sales objective than selling albums. This also has an influence on customer relationship building within the music industry.

3.3.4 Customer Relationships

According to Winer (2001:89) the internet has enabled organisations to build better relationships with their customers. This is enabled by the development of online communication platforms and social media communities.

Social media has created new ways for organisations to pursue relationships with target markets (Hennig-Thurau *et al.*, 2010:312). A characteristic of social media communication of particular relevance to the music industry is the ability to form online communities that can interact with each other (Gil-Or, 2010:8). Websites like BandPage offer a platform for musicians to create a centralised profile from where they can update all their online profiles like Spotify, Google , YouTube, Shazam, iHeartRadio, VEVO, SoundCloud, Live Nation, Xbox Music, LyricFind, Rhapsody, Facebook, Twitter and Instagram.

Passman (2014:14) suggests that musicians use these online tools to build a database of fans to stay in regular contact with. He explores various sales promotion techniques that can be used to encourage fans to join the database, like giving away free tracks or merchandise through sites like CASH Music, FanBridge and Tweet for a Track. He also highlights how web tools like Google Analytics and Facebook Insights could provide insight into where fans are physically located. This enables musicians to book gigs in more strategic locations.

Customer relationships built through online tools should eventually translate into album sales and ticket sales for shows. During the interviews with independent artists discussed in Chapter Four it was evident that interacting with fans at shows remains one of the best ways to build relationships between musicians and their audiences. This relates to both the public relations and personal selling tools of the marketing communication mix (Lamb *et al.*, 2010). Since projections have indicated that live performances could be the most effective way to distribute music in South Africa it is also potentially the most prominent revenue stream.

3.3.5 Revenue Streams

According to Pratt & Jeffcutt (2009:59) making profit in a creative industry, like the music industry, depends on the manufacturing of artificial scarcity. Digitalisation has however increased the availability of music dramatically, negatively impacting the scarcity of recorded music as a commodity.

According to DiCola (2013:341) the revenue streams that have been negatively influenced by digitalisation and internet distribution include traditional retail sales revenue, sheet music sales revenue and mechanical royalties. Artist royalties (payable as a percentage of the Published Price to Dealers (PPD)) (Schoeman, 2012:16), do not necessary apply to independent musicians, unless a license or distribution deal applies. Revenue streams that are starting to become substantial include online retail sales revenue, on-demand streaming revenue and webcasting revenue.

Koh *et al.* (2010:18) suggests that musicians need to start monetizing all the digital avenues that their music can be distributed through in order to counter the loss of physical CD sales. Passman (2014:149) goes beyond that by explaining the royalty rates that artists are entitled to from their electronic transmissions. Many artists are unaware of the fact that there are even royalties due them from electronic transmissions.

From a survey conducted with over 5 000 career musicians in the USA, DiCola (2013:357) identified seven main income streams for career musicians:

1. Money from songwriting/composing.
2. Salary as an employee of a symphony, band or ensemble.
3. Touring/shows/live performance fees.
4. Money from sound recordings.
5. Session musician income.
6. Merchandise sales.
7. Teaching income.

Schoeman (2012:23) identifies five categories of income streams for musicians in South Africa:

1. **Gigs/performances**: Set fees and cover fees.
2. **Record sales**: Retail CD sales, CD sales at gigs, online sales.

3. **Songwriter and artists royalties**: Mechanical (songwriter) royalties / Performance royalties / Sync License[24]/ Needle-time[25]

4. **Merchandise**: Clothing and accessories

Alternative revenue streams include sponsorships and brand endorsements. Online crowd-funding has also become an option for raising capital needed to make albums. An example of a successful crowd-funding campaign is the funding generated through the THUNDAFUND website for the recording of the debut solo album for Kahn Morbee, also the lead-singer of the band THE PARLOTONES (Morbee, 2015).

In the second week of August 2015 there were 12 music projects on the THUNDAFUND website of which nine had reached their funding goal. The campaigns included a crowd-funded solo album for the first South African IDOLS winner Heinz Winckler. He recently became an independent musician (Winckler, 2015).

Price is the marketing mix element that can be directly associated with potential revenue (Lamb *et al.*, 2010:406). It is of particular interesting to view it from a perspective of music streaming pricing strategies. Bockstedt *et al.* (2006:12) highlights that three strategies apply when deciding on a pricing strategy of an information good. *Versioning* can be applied by providing different quality versions of a streaming service at different prices. *Bundling* refers to the opportunity provided by the online for consumers to buy a full digital album, or compilation, at a certain price. *Fixed-fee subscriptions* is a straight-forward monthly subscription fee pricing tactic.

These revenue streams available for independent musicians can only be accessed if the key activities of being an independent musician are done.

3.3.6 Key Activities

Hracs (2012:457) highlights that the tasks associated with being an independent artist in a digitized industry have expanded to include more than the traditional creative tasks. Changes on the industry level have had an impact on creative talent on the micro level[26].

[24]Rights to music used in TV adverts, movies or other commercial presentation.

[25]Compensation for the public performance or broadcasting of recorded music, administered by a division of SAMRO.

[26]The creative task include song writing, performing, rehearsing, website design, product development, merchandising design, video concepts, collaborations etc. (Hracs, 2012:457).

The non-creative tasks assigned to independent musicians are categorised into technical[27], managerial[28] and business tasks[29].

Schoeman (2012:1) highlights setting contracts, administrative tasks like sending emails, registering music for copyright protection and negotiations as business tasks associated with making music commercially.

Networking and team-building is also seen as key activities of being an independent musician (Passman, 2014). This leads to the development of key partnerships.

3.3.7 Key Partners

The music industry has a complex value chain that consists of numerous interlinked participants (DiCola, 2013:309). Toulson (2008:3) highlights how digitisation has increased the participation between the different role-players in the industry, particularly musicians and producers.

Exploratory interviews for this study have alluded to the perception that "anyone can make an album these days." The so-called "bedroom producer" culture that has developed with the increased availability of personal computer software technology, has made it easier for independent recording musicians to record and produce their own music (Gunderson, 2004:2). According to Hracs *et al.* (2013:1144) this lowering of the barriers to entry into the music industry has contributed to the over-supply of music on numerous online platforms.

Toulson (2008:2) however highlights that even if the independent recording musicians have the technology, they don't necessarily have the skills or the time to produce professional albums. Hence, they still require the services of a producer and other key partners.

According to Graham *et al.* (2004:1093) the traditional music value chain essentially had three key actors, namely the artist, the record label and the consumer. The record label traditionally employed expert service-providers like music producers and arrangers. The record labels were also responsible for securing manufacturing, distribution and marketing partnerships. The role of managers, publicists and booking agents is highlighted by Schoeman (2012:1).

The internet continues to decrease the reliance on physical distribution partners, increasing the ability for artists to reach their audiences without the assistance of a record label. Hence, opportunities for specialist companies to replace the centralized role that record label played has increased (Graham *et al.*, 2004:1094). This has made partnerships more dynamic and collaboration-per-project based.

[27]Instrument maintenance, recording/engineering/mastering, video editing, website maintenance etc. (Hracs, 2012:457).

[28]Publicity, legal, booking, project management, licensing etc. (Hracs, 2012:457).

[29]Merchandising, financing, grant writing, accounting, investor relations networking etc. (Hracs, 2012:457).

Independent artists can grow their audiences by collaborating with one another. Letang (2014) elaborates on the principle of compounding. This is an approach where musicians can expand their audience networks by working together with musicians in their genre.

de Wet (2008:4) highlights the following role-players in the South African music industry: artists (including musicians, songwriters and composers); agents, managers, marketers and other who act on behalf of the musicians; music publishers; copyright administrators; service providers (including producers, distributors, concert organizers, theater owners etc); corporate consumers of music (including television and advertising); and individual consumers of music related products.

De Villiers (2006:17) discusses the complexity of the music industry, and identifies the music industry participants as originators (musicians and songwriters); record companies (recording, manufacturing and distribution) publishers (promotion and intellectual property managers); manufacturers (also including reproduction) and the delivery channels (broadcast, retail and entertainment).

3.3.7.1 Record labels in South Africa

The emphasis of this study is on independent artists[30]. For the sake of background however, mention is made of some of main record labels that represent South African artists.

The international labels operating in South Africa include SONY BMG, UNIVERSAL (GALLO), EMI and WARNER (de Wet, 2008:5).The locally based record labels that specifically focus on signing South African musicians include SHEER SOUND, MOUNTAIN RECORDS, AFRICAN DOPE, GHETTO RUFF, CCP RECORDS and SHIFTY RECORDS [31] (n.a., 2003). In the Afrikaans Pop genre MOZI RECORDS, JOHAN VORSTER SONGS and COLESKE ARTISTS are three of the influential labels that facilitate collaboration projects with their signed artists. Schoeman (2012:13) also mentions SELECT MUSIC and MARANATHA RECORD COMPANY as labels that sign South African artists.

3.3.7.2 Festivals, collaboration concerts and other musical partnerships in South Africa

Their are numerous arts- and music festivals that draw on a network of creative partnerships in the South African industry (de Wet, 2008:26).

[30] Artists not signed with a record label.

[31] Shifty Records was established in 1983 by Lloyd Ross to record music that was being censored for political reasons. SHIFTY RECORDS was the home of artists like Koos Kombuis, Johannes Kerkorrel and Bernoldus Niemand. They formed the GEREFORMEERDE BLUES BAND and caused political controversy with their national *Voelvry* tour in 1989 (de Wet, 2008:9).

South African arts festivals that include music in the design of their annual festival programming includes: The NATIONAL ARTS FESTIVAL (Grahamstown, June/July), the KLEIN KAROO NASIONALE KUNSTEFEES (Oudsthoorn, April), the WOORDFEES (Stellenbosch, March), INNIEBOS (Nelspruit, July), AARDKLOP (Potchefstroom, October), the SUIDOOSTERFEES (Cape Town, April/May) and the VRYSTAAT KUNSTEFEES (Bloemfontein, July).

Festivals that have music as their particular focus include: OPPIKOPPI (August), RAMFEST (March) and ROCKING THE DAISIES (October)[32]. The annual JOY OF JAZZ festival in Johannesburg (September), CAPE TOWN INTERNATIONAL JAZZ FESTIVAL (March) and STANDARD BANK JAZZ FESTIVAL (June/July) in Grahamstown focuses on providing a platform for local and international jazz collaborations. The JOHANNESBURG INTERNATIONAL MOZART FESTIVAL (JIMF) (January/February) has a niche classical music focus.

The popular *Afrikaans is Groot* concerts and compilation albums[33] are an initiative of a joint venture between JOHAN VORSTER SONGS and COLESKE ARTISTS (n.a., 2011). Another popular genre-specific local collaboration initiative is the annual *Huisgenoot Skouspel* concerts and compilation albums.

In the Afrikaans Gospel genre there is the *Huisgenoot Gospel Skouspel.*

There have also been promotionally driven partnerships emerging more frequently between consumer brands and musicians. One of the consumer brands that have worked with various local musicians in their advertising campaigns is the fast-food outlet KFC (Tsaagane, 2015).

3.3.7.3 Music Industry Associations and Bodies in South Africa

The following organisations and bodies are involved with music publishing and the regulatory functioning of the music industry in South Africa: SAMPRA (South African Music Performance Rights Association) "... is a national non-governmental company limited by guarantee which represents copyrights of record companies that are members of the Recording Industry of South Africa (RiSA)". RiSA is also the agency for the International Federation of Phonographic Industries (IFPI) in South Africa, and is the organizer of the South African Music Awards (SAMA) (de Wet, 2008:5). MUSA is a union for South African musicians.

3.3.7.4 Radio stations in South Africa

According to de Wet (2008:30) radio stations remain key players in the promotion of music. Local musicians compete with international artists for play-list inclusion. Hence, ICASA (The Independent Communications Authority of

[32] These three festivals have mainly the Rock, Alternative, and occasional Folk genres represented on their programme line-ups.

[33] More than 300 000 albums sold (n.a., 2011).

South Africa) have implemented quotas to ensure that local music gets included on public, commercial, community and subscription broadcasters playlists. In the ICASA Draft South African Television Content Regulations of 18 June 2015 (ICASA, 2015:44) the following minimum airplay quotas for local content on South African radio stations were accepted by the Authority: Community Radio: 80 percent, Public Radio: 70 percent, Commercial Radio: 35 percent and Subscription Radio: 30 percent.

South African public radio stations are formatted according to different genres (n.a., 2015*f*). The onus is on the independent musician to get their music noticed by the play-list committees who decide on the compilation of the music played by the radio stations.

3.3.8 Cost Structure

The music industry used to be characterized by high market entry costs and distribution channel scarcity (Graham *et al.*, 2004:1095). This is no longer necessarily the case. The increased availability of user-friendly technology has significantly decreased the cost of recording an album should musicians choose to do it themselves. Distribution channel scarcity has been significantly lowered by the ease of online distribution options.

The costs associated with recording an album ina studio are still manifold. It includes production costs (studio hiring, producer fees, session musician fees etc), marketing costs, legal fees etc. (Bockstedt *et al.*, 2006:27). According to Schoeman (2012:3), it can cost more than R50 000 for the recording and branding of a commercially viable physical album. She identifies the following cost items for recording a professional album:

1. Hiring a studio and sound engineer
2. Paying session musicians
3. Design of marketing collateral (photos, graphics, website design etc.)
4. Barcode fees[34]
5. Printing costs
6. Licenses
7. Marketing expenses[35]

[34] In order to be sold in stores, all products need to display a unique barcode that can be bought from various online distributors, coordinated by the international company, GS1 (Van Jaarsveld, 2015).

[35] de Wet (2008:28) identifies the following marketing activities: traditional advertising, publicity, attending trade shows and conferences, live performances to advertise and album, internet presence, merchandising, radio airtime, TV airtime, promotions and fan clubs.

In a crowd-funding campaign launched by Heinz Winckler on THUNDAFUND, he states the following as costs items to be covered by the projected budget (R500 000) (Winckler, 2015) for the recording and launch of his new independent album: **Album production costs** (between R12 000 and R18 000 per track): Producer fee (arrange, record, edit, mix, studio time), Session musicians fees, mastering of album. **Album marketing costs**: Album photo-shoot, album cover design, music video for first single (storyboard, shoot days, labour, location cost, editing), TV ads, radio ads, social media campaign, publicity.

3.4 Chapter Conclusion

From the literature is it evident that there are various theoretical perspectives that could inform the development of a BUSINESS MODEL CANVAS framework for independent South African musicians.

Customer Segments can be identified by using a combination of the LSM approach and other segmentation bases. The *Happy Few scenario* provides insight for developing **Value Propositions** for independent musicians. A virtual supply chain approach helps independent musicians understand their **Channels** strategy. Consumer spending on *live performances* has the biggest growth trend projection. Building **Customer Relationships** at shows and through social media are important public relations and personal selling tactics. Various possible **Revenue Streams** can be explored by independent musicians. *Live performance* is highlighted as the most significant. **Key Activities** for independent musicians include both creative and non-creative tasks. The concept of industry networking is important in identifying the **Key Partners** of independent musicians. Album production and album marketing costs need to be included in the **Cost Structure** of independent musicians.

These insights gained from the literature review provide a theoretical context for the development of the case studies in the following chapter.

Chapter 4

Case studies: Independent South African musicians reflect on their BUSINESS MODEL CANVAS

"Although South Africa may not have a host of mom-and-pop record stores dotted around the country keeping that independent spirit alive, it is still flourishing in small communities that exist around local bands, at live music venues and on the internet."

Lloyd Gedye (Mail and Guardian), 2011

THIS chapter presents eight case studies developed from secondary data gathered through websites and primary data gathered through interviews. The interviews were conducted through Qualtrics-generated online questionnaires, email questionnaires and personal interviews. These case studies are discussed to explore how eight commercially active South African independent artists or -bands from different music genres currently view their BUSINESS MODEL CANVAS.

The interview data is also used to develop the combined BUSINESS MODEL CANVAS themes in Chapter Five of this study.

The interviewees were given the opportunity to state if they preferred to be quoted anonymously. All interviewees agreed with signed consent forms to the disclosure of their names for the purpose of this study.[1]

[1] None of the quotes, comments or insights from the interviews may be used out of the context of this current study.

4.1 Case study one: Kaleidoskoop

SAMRO genre: Contemporary Music - Afrikaans. **Data collection**: Qualtrics interview supplemented by email with Anique Jordaan, singer and member of SAMA-winning Afrikaans duo KALEIDOSKOOP on 27 May 2015.

Figure 4.1: Kaleidoskoop

4.1.1 Background

The market for the Afrikaans Contemporary genre in South Africa has grown significantly over the past two decades (de Wet, 2008:3). Within the Afrikaans market a wide spectrum of musical genres are expressed. KALEIDOSKOOP refer to themselves as an Afrikaans music group that composes music from a positive yet realistic worldview. They want to convey a message of hope. They describe their music as "colorful vocal harmonies accompanied with poly-rhythmic acoustic instruments". Their brand identity could be described as *vintage*. Their live shows reflect their *vintage* brand identity through the use of decor and stage set-up n.a. (2015*c*).

The group members have changed a few times since the band started formally in 2006. They originally evolved from the Stellenbosch University mens serenade group 4 OAKS. Currently KALEIDOSKOOP is made up of Jouba Jordaan (full-time since 2006), Anique Jordaan (full-time since 2009) and Jason Ferreira (permanent session musician since 2014). Their current home-base is Pretoria after relocating from Stellenbosch in 2012. They do regular national tours and play at venues and festivals across the country.

KALEIDOSKOOP recorded and released an album in 2007 called *Bladwisselend*. It was only for sale at their live shows. Their second more commercial album *Platsak* was recorded in 2009 at SUNSET STUDIOS and released in 2010. The third album *Vars Uitgekerf* was released in 2012. During that year it was nominated for numerous awards. These nominations included two *Ghoemas*, and *Huisgenoot Tempo* nominations for Best Newcomer and Best Contemporary Adult Album of the Year. It won the Best Contemporary Adult Album of the Year in 2012. The albums were produced by Ben Ludik, who was a part-time member of the band.

They recently launched their *Acoustic Covers* album. It is a DVD/CD combination containing the reworked versions of popular cover songs that they play during their live sets.

4.1.2 Primary data discussion: Business Model Canvas insights from email interview

Over the past few years KALEIDOSKOOP has put in a lot of effort to develop a personal connection with their audiences around the country Jordaan (2015). Originally from Stellenbosch, the band started in a town where live music is very much part of the student culture. Their *vintage* brand identity and storytelling approach to song-writing resonates with a target market that connects with being South African, perhaps in a nostalgic sense as well. In terms of demographics they describe their **Customer Segment** as "Afrikaans young working, earning a salary, aged 20-45".

The importance of storytelling through their music, worth noting as part of their **Value Proposition** creation, is highlighted when (Jordaan, 2015) notes that their target market are "...people who understand and appreciate the stories and lyrics behind the music". To further support the development of their **Value Proposition** (Jordaan, 2015) specifies that the experience created for audiences at their live shows is an important reason why people buy their music: "If they attend a show they are likely to buy the music from us after the show. Their motivation would be to take a piece of the experience home with them."

The **Channels** for distributing their albums is primarily sales at shows. They also sell their albums on ITUNES and CD BABY. They have a distribution deal with KANADA RECORDS for small music stores in Gauteng.

One of their unique ways of building **Customer Relationships** is that they personally post albums to people who order via their website. Their album packaging is designed uniquely according to their brand identity and adds to the customer experience.

When it comes to maintaining **Customer Relationships**, live shows are the key connection point: "We like to see ourselves as part of the audience, learning from them, respecting them as well as making new friends." When they tour they prefer to stay with either the organisers of the event or with friends rather than in a guest house or hotel. Their emphasis is on connecting with people on every level: "Our music, lyrics and story-telling in between songs allow us to climb into their hearts and minds. They become friends because they relate to the songs and we find they are comfortable approaching us. We like to listen to their stories. This is very important because then they feel appreciated. Especially if we remember their names at the next show" Jordaan (2015). In terms of social media they target FACEBOOK posts for the specific regions where their shows will be held: "We always direct the posts at a target group, like the town we play in, to not irritate the rest of our followers". They also use INSTAGRAM and WHATSAPP.

In terms of their **Revenue Streams** mention is made that it has shifted from album sales to increased ticket sales and gig fees.

For **Key Resources** the most important mentions were money, contacts and time. It is also noteworthy that "rest" is discussed as a resource: "Most importantly to be creative we need to switch off and clear our heads" Jordaan (2015). Recording equipment ("to play around in for the pre-production of an album"), laptops, cellphones, merchandise and decor is also highlighted. (Jordaan, 2015) also lists: designer of the cover, proofreaders for the booklet, copyright licenses, photographer, product manufacturers and CD printing company. A producer and session musicians is discussed under resources, and mentioned again with the discussion of **Key Partners**.

In discussing **Key Activities** related to being an independent musician (Jordaan, 2015) notes: "marketing, gigging, marketing, gigging [...] sometimes for free". She stresses that their is no recipe for success, and that to remember contacts is important.

With **Key Partners** her first response reflects their faith-based worldview: "Work with God, because then their is always hope." She highlights that good relationships between band members ensures sustainability. She again mentions producer and studio engineer: "...someone whose ability, style and intuition you trust." Sound engineers at live shows who preferably know their music is seen as important. The media is mentioned as a key partner for publicity purposes. Brand designers are also highlighted.

When asked about their **Cost Structure** (Jordaan, 2015) lists the following expenses: Rent, cellphones, insurance, card-machines, petrol, maintenance, food, instruments, clothing, decor, session musicians, marketing, recording, production costs, website, medical expenses, posters, postage, venue hiring, sound hiring, toll, stationary, tools for decor building, lighting.

Key interview insights: The experience created at live shows is the best marketing tool for an album. Customer relationships are built by staying in the homes of festival or event organizers in-stead of booking expensive accommodation. Intentionally remembering names of audience members builds relationship. Their brand is developed through a *vintage* brand identity and nostalgic storytelling.

4.2 Case study two: Khan Morbee, The Parlotones

SAMA genre: Rock; Pop; Adult Contemporary English; Alternative. **Data collection**: Personal interview with Khan Morbee, solo artist and lead-singer and songwriter of SAMA-winning band THE PARLOTONES on 24 June 2015.

Figure 4.2: Khan Morbee solo album - SALT

4.2.1 Background

Khan Morbee released his first solo album SALT as an independent artist in 2015. It was produced by Brendan Jury and recorded at THE LIGHT PALACE in Johannesburg. The album was funded through a successful crowd-funding campaign on the THUNDAFUND platform. The campaign ran from 15 December 2014 until 27 January 2015 and raised R223 152 Morbee (2015).

Khan continues to also be the lead singer of the South African Rock/Pop band THE PARLOTONES formed as a four-piece band in 1999. The other members are Neil Pauw, Glen Hodgson and Paul Hodgson. The band has seven platinum studio albums to their name. They won SAMAs for Best Rock Album in 2006 (RADIOCONTROLLEDROBOT)and 2007 (STARDUST GALAXIES). They have done numerous international tours, sharing the stage with bands like THE CURE, KINGS OF LEON, COLDPLAY and SNOW PATROL n.a. (2015*a*).

Towards the end of 2014 media coverage emerged that highlighted a dispute between the band and their former manager and record label over the payment of royalties and the ownership of intellectual property Naik & Ajam (2014). They have subsequently gone independent. The band members currently share the business- and marketing responsibilities.

Figure 4.3: The Parlotones

4.2.2 Primary data discussion: Business Model Canvas insights from personal interview

Khan Morbee has been the lead-singer and songwriter of THE PARLOTONES for more than 15 years. At the time of the interview his solo career was only a few months old. In terms of the insights into the BUSINESS MODEL CANVAS this discussion incorporates both his experiences with the band and as a solo independent artist.

When discussing the **Customer Segments** his initial response was that he writes music for himself. There seems to not be a target market in mind in the creation process: "I subscribe to the model that before I am a song writer or a musician I am a fan of music, and obviously the stuff that applies to me most probably applies to millions of others. You are a product of what you consume. So when it comes to the writing process whatever pours out of me is a result of whatever I have absorbed. I assume that means that people will hopefully like what I create. In a nutshell, I make music for myself." When asked if there is an audience demographic that they intentionally try to reach with their music, he commented "certainly, I have never been that scientific about it." He did mention that they observe that mothers buy their albums and bring their families to the shows: "Which means we end up being a family band." In terms of radio exposure he mentioned that they currently get more airplay from regional stations like KFM, JACARANDA and HIGHVELD STEREO. It used to be FIVEFM. Later on in the interview he alludes to finding a tribe: "they speak a lot in the new marketing realm about focusing on a tribe. And I think that is where music is moving."

The **Value Proposition** that he described connects with the music itself: "I think the core of what I write about is the human journey and its not necessarily my own journey. It is an observation of the experiences we all go through. I think to an extent that connects with people. It is the soundtracks of their lives and the songs they can attach to moments and feelings and experiences that they go through." He mentioned their respect for and connection with their fans as a **Value Proposition** driver. He connected that with the process of building **Customer Relationships** at shows and through social media.

In terms of **Channels** radio is mentioned as the most effective way to gain exposure for music: "People come to a show or buy it (the music) because of familiarity. They have listened to it (on radio) and they want to hear that version live." He also mentioned CD stores, the digital world and the streaming realm. For online distribution the aggregator he prefers is DISTROKID. Mention is also made of TUNECALL.

The main **Revenue Stream** for them is live shows: "The other aspects like merchandise and CD sales is all periphery. Ultimately your music is really just like a business card. Yes, it adds a little bit but the premise is the show and those (albums and merchandise) become impulse buys. They are like chocolates at the supermarket." A live experience cannot be duplicated. Therein lies the value and the only apparent noteworthy revenue stream.

The **Key Resources** mentioned include instruments, technology, money and partnerships with people who are invested in the production process. He discussed how the relationship between artists and record labels work related to providing resources.

Their **Key Partners** include sound engineers and producers. THE PARLOTONES work mainly with Theo Crouse. For the solo album he worked with Brendan Jury. The press is mentioned as a partner. He does however note that the press seems to be more interested in sensationalism than in the celebration of success.

The band partners with corporate sponsors for tours and music video projects. He explained why they prefer to not have exclusive deals with particular booking agents. They remunerate people on a project basis and prefer paying their business manager a retainer. They do not work on the traditional percentage base where everyone involved takes a cut of the bands income. The band handles their marketing and logistics between the four of them. They hire in administrative help when they need it. He also mentions "a good lawyer" as a key partner.

The **Key Activities** are focused on creating the best song: "The song is king. So we need to do whatever we can do collectively or whatever to ensure that we get the best version of the song out in alignment with our capabilities at the time. So create, create, create." He also mentioned rehearsing, understanding the music business and networking with other bands (mentioning PRIME CIRCLE) to learn from them.

The **Cost Structure** includes paying for marketing, PR, live show production costs, merchandise stock, sound-man and "roadies" (touring crew). They work with producers who are financially invested in the album. They approach sponsors by providing product placements opportunities in their music videos.

Key insights: The way that the financial relationship between artists and record labels is traditionally structured seems to not be in the artists' favor. Musician or bands like THE PARLOTONES who used to be signed to a label will rather hire people to do marketing and administrative services for them on a project-per-project bases than be indebted to a record label financially.

4.3 Case study three: Josh Prinsloo, The Fruit Vendor; Brother and Brother

SAMA genre: Alternative; Jazz; Rap. **Data collection**: Personal interview with Josh Prinsloo from THE FRUIT VENDOR and BROTHER AND BROTHER on 1 July 2015.

4.3.1 Background

Josh Prinsloo performs as solo artist under the name FRUIT VENDOR. He describes himself as a "melodic alternative hip hop/folk artist from the hinterland of the Cape Town music scene in Stellenbosch." He regularly performs at South African music festivals and at various venues in Cape Town. In 2014 he won a competition to be part of the opening line-up of the CAPE TOWN FOLK 'N ACOUSTIC FESTIVAL at the BAXTER THEATER. He performed as part of the 2015 line-up.

Josh also performs as singer and keyboard player with the band BROTHER AND BROTHER. The other members are Adrian Rogowski (guitars), David Dos Santos (drums and percussion) and Mark Ellis (bass). They have played at numerous music venues across Cape Town, as well as at RAMFEST.

In addition to being a full-time musician, Josh is a graphic designer with a degree in drama and a post graduate diploma in marketing.

Figure 4.4: Josh Prinsloo

4.3.2 Primary data discussion: Business Model Canvas insights

Josh Prinsloo is the singer and songwriter for the band BROTHER AND BROTHER. He has a solo project called FRUIT VENDOR. The interview included BUSINESS MODEL CANVAS insights from both these initiatives.

For both the projects he refers to the age of the audience when asked who the **Customer Segments** are: "Within the age bracket of thirteen to thirty". He also refers to the race demographic: "With BROTHER AND BROTHER we found that non-white people respond better to the music. They love it. We think if we specifically targeted a non-white demographic we will probably get further than if we stayed in the student Stellenbosch scene, which is predominantly white."

The **Value Proposition** discussed focused on the eclectic nature of their music: "I always had the desire to create work that combines seemingly disparate musical elements that almost jumps you from behind. We always get good feedback for the rap element, but also in terms of the genres, there is a lot of cross pollination happening." He mentioned "a fresh unique sound" as their unique selling proposition. He noted the value of being able to take creative control of the music production: "It is like the rule is coming to play with independent artistry where it is not so much that there is a barrier to entry, but that there are no barriers to entry anymore. In order to cut through real art is going to take a step up and poor art is going to step down."

The **Channels** that they use are mainly social media platforms (mentioning SOUNDCLOUD) to gain exposure for the singles that they release. He mentioned that they are working towards having physical albums to sell at

Figure 4.5: Brother and Brother Ramfest Poster

shows: "You can earn up to probably about double the amount than what you get paid for the gig just through impulse purchases. Just because people want capture the experience, they want to take the experience home."

Customer Relationships are built at intimate shows: "With FRUIT VENDOR I find that playing the smaller events to a loyal crowd ... has really helped me." He mentioned the culture of independent artists who support each other at regular gigs: "I find that there is a small group of independent artists at this particular event where the culture is changing. Less from a kind of consumption perspective and more to a kind of relationship dynamic that is emerging. That kind of realness that exists in a smaller environment where they support one another." He voiced a disillusionment with social media platforms like FACEBOOK, TWITTER and YOUTUBE because it seems like only paid promotions get featured on news feeds. When he plays a more intimate gig he phones people to personally tell them about it.

His main **Revenue Streams** are gigs and merchandise. He also mentioned the potential of writing for advertising and earning royalties from music played in TV shows or movies.

The **Key Resources** are time, money and gear. Also internet access, computers, audio interfaces, microphones, condenser mics and a mudguard. He mentioned instruments, amps and highlighted marketing: "I think one of the most important resources is marketing. It (commercial music success) is such a hype thing."

The **Key Activities** are primarily related to making music: "You have to do music. It is something you have to obsess about. You have to commit to it." He noted that it useful to explore other related endeavors like owning a studio and recording other musicians. Learning about business is mentioned as a key activity: "I think if musicians did more to empower themselves and not only expect something magical to happen there would be more of an independent music ecosystem as opposed to this big difference between independent musicians and label corporations. As an independent artist I try to do everything myself." He mentioned being knowledgeable about how the music industry works as way for musicians to protect themselves: "There is a lot of tricking going on. It is because artists traditionally do not know what is going on, and they get tricked." Getting help with developing proper business plan and setting up partnerships accordingly is mentioned as key activities.

Key Partners are the public, a network of creative collaborators and the media (with special mention to content managers and play list selectors at radio stations). They produce their own music: "If you can afford a producer by all means, but it is not necessary, especially if you have studied stuff for a long time and you know what works for you." Tim Lengfeld helps with the mastering of their tracks. They work with session musicians, a web designer and see the need for an accountant.

The discussion of the **Cost Structure** included paying for gear, instruments and traveling. "If you play at OPPIKOPPIE you will have to get a tent." They hire rehearsal space (at TUNES in Stellenbosch), and pre-produce tracks themselves to save money on studio time needed when recording.

Key insights: Independent musicians have to intentionally equip themselves with business and marketing skills as a necessary investment into their professional careers.

4.4 Case study four: Bottomless Coffee Band

SAMA genre: Adult Contemporary. **Data collection**: Personal interview with Lourens and Este Rabe from *Bottomless Coffee Band* on 23 July 2015.

Figure 4.6: Bottomless Coffee Band

4.4.1 Background

BOTTOMLESS COFFEE BAND is husband-and-wife duo Lourens and Este Rabe. The band has been performing professionally since 2010. It has been a full-time vocation for Este, who studied Drama. Lourens resigned his job in the financial industry to also become a full-time musician in 2015. They are both vocalists and play several instruments between the two of them during their live sets. This makes them sound more like a full band than a duo. They refer to their music as "gourmet music", and the genre as a combination of "acoustic folk and afro-blues" n.a. (2015*b*).

They launched their debut album ROOM WITH A VIEW in 2014. It was recorded at HERITAGE SOUND in Cape Town by Brendyn Rossouw, mixed

Figure 4.7: Bottomless Coffee Band instruments

by Ben Ludik. With live video recordings by Andre van Niekerk and Conrad Kriel n.a. (2015*b*).

4.4.2 Primary data discussion: Business Model Canvas insights

The interview was conducted with Lourens and Este Rabe. Their BUSINESS MODEL CANVAS insights are discussed as a combined BOTTOMLESS COFFEE BAND response.

They included both the Afrikaans and English markets in their **Customer Segments** description, and stated an age bracket of twenty-five to sixty. They see the corporate market as a separate segment: "Our client base might be anything from corporate companies for functions to people getting married. All those kinds of functions and events are also part of our target market." Their online marketing efforts are aimed at a younger market and "...the word-of-mouth stuff is pitched for the professional, maybe a bit older market."

Their **Value Proposition** is primarily based on the diversity of their musicality. They play ten instruments between the two of them: "We want to sound like a four-piece band. That is definitely a value-add in terms of entertainment. People enjoy watching all the different instruments being played." They find that audiences like that they are married. This adds to the entertainment value of their live performances: "People always say there is just so much chemistry between you, and we go yes, it is because we are husband

and wife." They write music that refers back to the styles used by Johnny Cash and Bob Dylan. They strive for excellence in the way they do business: "Professionalism and attention to details for us is absolutely key."

When it comes to the distribution of their music they are designing new **Channels**: "We want to start our own network of distribution which we are working on, especially to roll out with the next album." Their music is available online through ITUNES, but they believe that people are going back to "slow living": "Music is a lifestyle brand, so you want to meet the people where they are in terms of their lifestyles. So it is important to think that route in terms of music distribution." They sell their albums at shows too.

Customer Relationships are built intentionally at shows: "The only time that you really can connect with someone face-to-face is before or after or during a show. Otherwise its only a name on a screen if it is on FACEBOOK or whatever." They make a point of replying to every comment received on social media too.

Their main **Revenue Stream** is live shows. They see themselves as service providers in that sense: "Basically be a product that people hire for an event. That is our biggest income." They do not shy away from playing at weddings since it is a steady and relatively easy stream of income. CD sales at shows are a supplementary stream. They view the pursuit of physical retail sales as a waste of effort. They sell through ITUNES and use an online aggregator to distribute their music through other online platforms as well: "As an artist you should have all things set up to work in your favor because this month this is working very well, and that month this is coming through. Some things you just have to do for credibility."

Their **Key Resources** include laptops, internet access, social media connections, a reliable vehicle and a platform to connect with other artists. "I think there is a great need for a bit of an artist platform where you can just share ideas without people looking over your shoulder and without spoiling your trade." Quality instruments and relationships with music stores are viewed as key resources as well.

They value ITUNES as one of their **Key Partners**. Other partners include designers, producers, event managers and venue coordinators. "It's a very interesting industry to be in at the moment. There is so much changing, so much stuff being digitized. Ultimately, it does empower the artist."

Their **Key Activities** relate to making music and doing administration (Invoicing, sending tech-riders, managing logistics, branding, business cards, websites etc.). "You have to constantly inspire yourself for everything, but that is so precious because you become a diverse type of person and an interesting human being. And a multi-tasker."

In terms of their **Cost Structure** they said that their expenses are the same as anyone else: "You have to make money to pay your rent, buy food, everything." From a company perspective they highlight marketing, traveling costs, instrument maintenance, stationary expenses and wardrobe: "We have to have our gig outfits ready. You go through a little more trouble with your hair, and you buy proper make-up because it has to look fine on stage." Making an album is set at a cost of between R100 000 and R200 000: "When you are independent and it is your first one, you have no guarantee that you are going to make that back." They see the production of a professional album as a necessity to build credibility in the industry, and as a basic marketing expense.

Key insight: Selling albums on ITUNES and other digital platforms are necessary to give credibility to the band as a brand, but not necessarily seen as a main source of income. Investing up to R200 000 to record a full album is seen as a necessary marketing costs and not just as product manufacturing.

4.5 Case study five: Gert Besselsen, Mr. Cat and the Jackal

SAMA genre: Alternative. **Data collection**: Email interview with Gert Besselsen from MR. CAT AND THE JACKAL, TALESWAPPER and THE CHAMPIONS OF THE SONARVERSE on 23 July 2015.

Figure 4.8: Mr. Cat and the Jackal

4.5.1 Background

Gert Besselsen is involved in various musical endeavors. MR. CAT AND THE JACKAL formed in 2006 as a five-piece band who initially focused on writing music for stage productions. They refer to their genre as "experimental folk music with a circus of sounds coming from foreign and handmade instruments" n.a. (2015*e*). Their first album THEMES AND VARIATIONS was launched in 2007, and the second album SINS AND SIREN SONGS in 2011. Their third album title S3T plays on the name of Seth, a Biblical and mythological figure. It was launched in 2014. They have been referred to in the media as "the weirdest band in the country" Owen (2014). They can perform as a five-, four-, three- or two-piece band, depending on the requirements of the event and venue.

He also performs with TALESWAPPER, which he refers to as a "dark blues trio, very slow music". His other involvement is with DJ INVIZABLES THE CHAMPIONS OF THE SONARVERSE, which he calls "an elaborate Sci-fi electronic rock opera". They focus on performing at festivals around the country. By his own admission, it is not a very profitable endeavor.

4.5.2 Primary data discussion: Business Model Canvas insights

The BUSINESS MODEL CANVAS discussion with Gert Besselssen applies to the various projects that he is involved with. Where a distinction is made between them it is noted.

Customer Segments are described demographically using age as the identifier: "People between the age of sixteen to sixty-five."

For the **Value Proposition** he highlighted the entertainment value of their live performances: "We get booked because we entertain people. For a little while we make them smile or confused or whatever, but they forget a little bit about everything else."

They use ITUNES as the main online **Channel**, uploading the tracks through PAYPAL. They sell physical albums at their shows, and distribute through independent music stores like MABU VINYL in Cape Town.

Intentional **Customer Relationships** are built through social media. They have a content strategy that includes producing short YOUTUBE clips and themed photo-shoots for FACEBOOK to break through the social media clutter with interesting content: "You have to somehow make your product more intriguing than others. They want to see something they do not necessarily see anywhere else, both at the live show and on the web." Their quirky social media content is aligned with their live performance image. The show is seen as the main place to build relationships with fans.

In terms of **Revenue Streams** live shows are emphasized. They adapt the number of people on stage and the gig fee according to the requirements of the venue or function that wants to book them. They supplement their revenue streams by being involved with studio work. They do soundtracks for movies, theater, television and film.

Their **Key Resources** are stipulated as instruments, a tour van, a studio or proper recording equipment, rehearsal space, internet and devices to do social media on, an investor and time.

He sees making music as the most important **Key Activity**: "I feel that if you want to make a living out of music you have to focus on only making music as much as possible." This includes working on new music and getting to know the industry. He mentioned networking, booking shows and management.

The **Key Partners** mentioned are fellow musician and bands for potential collaborations, venue owners, festival organizers and booking agents.

The **Cost Structure** relates primarily to rehearsals and shows: "Fuel to get to rehearsals and shows. Beer to drink at rehearsal and shows. Your instrument to play at rehearsal and show. And keeping that instrument playing. Strings for guitars, sticks and skins for drums, reeds for sax. Oh, and food and rent."

Key insights: Independent musicians must see each other as potential partners and not as competition. Collaborations and networks add value. Performance income is supplemented by working on soundtracks for movies, theater and television etc.

4.6 Case study six: Gerald Clark

SAMA genre: Rock; Alternative; Adult Contemporary (English). **Data collection**: Personal interview with solo artist Gerald Clark on 24 July 2015.

Figure 4.9: Gerald Clark

4.6.1 Background

Gerald Clark has made a name for himself as a multi-instrumentalist who puts on a energetic solo show. He regularly performs at festivals and venues around the country. Most recently he was part of the 2015 OPPIKOPPI line-up, performing with Albert Frost, Luna Paige and others. He is primarily anchored in the blues genre, but also has an Afrikaans album *Sweepslag* that was nominated for a SAMA in 2009 for the Best Alternative Afrikaans album. He released BLACK WATER in 2012, and is currently promoting the launch of his latest album AFRO-BOER AND THE GOLDEN GOOSE n.a. (2015*d*).

4.6.2 Primary data discussion: Business Model Canvas insights

Gerald Clark described his **Customer Segments** in a psychographic way: "I won't be able to tell you a specific target market, but it would be more the enlightened person. More of an affluent person, with a bit more ambition then the rest." He mentioned a positive response from diverse audiences, also with his international tours to America and the Czech Republic.

He ascribed his main **Value Proposition** to the honesty of his music: "A kind of a real honesty. If you come to my shows you will see that I do not just smile, I suffer. I have suffered for a lot of those songs." He discussed the importance of being authentic in the pursuit of inspiration, and to portray that authenticity through the music and on social media: "Next week I am going to gig in Springbok. I am going to camp next to the Orange River on my own and do a full moon mountain bike ride on my own. These things connect with people like me."

The **Channels** are primarily live shows. He mentioned that he sometimes plays seven shows per week. He does gigs at weddings, private house parties, pubs, theaters and festivals. He does have physical albums for sale at his shows, but not in retail stores: "It is a waste of time. You also do not get as much."

To build **Customer Relationships** he connects with people on social media: "I am quite active on social media. I am very aware. I post at certain times of day to certain kinds of platforms." He intentionally connects with people who share his outdoor and adventure lifestyle: "I actually put aside some time. If I see people liking it on INSTAGRAM or TWITTER I engage with a conversation. I form personal relationships, actually. Cool people. My kind of people. That was what I was saying at the beginning with the target market. It is people who like horses and to mountain bike on their own. *"Ek het 'n moerse klomp vriende"*. So I try and engage with those people. I do not really do it just for music."

His main **Revenue Streams** are shows and CD sales at shows. He said that the income from digital sales is negligent as a revenue stream but necessary as a means of online exposure . He has also done tracks for television advertisements.

His **Key Resources** include guitars, a car, a venue and an audience: "To make a living, to get to where I am now, you need a lot of experience and a lot of contacts." He also mentioned a studio to record at, internet access and an active gig circuit.

Traveling is included as one of the **Key Activities**. He described the manual labor involved with setting up his own PA system at his solo shows: "Carrying speakers suck. You have to be strong like bull."

The **Key Partners** mentioned included Tim Rankin for recordings. He also mentioned Schalk van der Merwe who is part of his regular band the DEAD MEN. His girlfriend assists with his digital marketing strategy. He is developing a unique gigging circuit in smaller towns across South Africa: "There are a lot of venues at the moment in small towns which I am very excited about. Reitz, Clarence, Bethlehem, New Bethesda. They all have these small theaters and there are a lot of younger people going into smaller towns nowadays."

This results in traveling expenses forming a big part of the **Cost Structure**. Guitar strings, and fixing the PA system and guitars after gigs. He pays to boost FACEBOOK posts: "Marketing, gear and transport are probably my biggest expenses." He described the costs involved with album production, and also noted paying for refreshments at gigs.

Key insights: Small towns across South Africa have venues and theaters that book musicians for gigs. Musicians need to therefor be willing to travel in order to make use of the opportunities to perform at these venues. Selling albums at gigs are an important income supplement. Making music independently accompanies a more flexible lifestyle, where music is the outflow and not the focus.

4.7 Case study seven: Herman Kleinhans, Twee Musiek

SAMA genre: Alternative. **Data collection**: Personal interview with the 2015 *Afri-Visie Skryf 'n Treffer-kompetisie* winner Herman Kleinhans (TWEE MUSIEK) on 28 July 2015.

4.7.1 Background

Herman Kleinhans and Maria Rademan form the Afrikaans folk duo *Twee*. Earlier this year they won the *Afri-Visie Skryf 'n Treffer-kompetisie*. This has led to increased publicity for the winning song *Ek Sweer*, and media coverage for the band. They are currently in the process of recording and planning the

Figure 4.10: Herman Kleinhans and Maria Rademan - Twee

national launch of their debut album and will use the R250 000 prize money towards that Sieberhagen (2015). Prior to being part of *Twee*, Herman was involved with the rock group *Slagyster* as lead singer. He has also released an EP under the solo-name Lucas Klein Cloete (2013) after a disagreement over the creative direction of his music with his previous record label. In his own words: "It takes ten years to be an overnight success in the music industry."

4.7.2 Primary data discussion: Business Model Canvas insights

The interview with Herman Kleinhans was conducted in Afrikaans. It was translated during transcription.

He described the **Customer Segment** as primarily but not limited to an Afrikaans speaking South African demographic.

The **Value Proposition** connects to the honesty of the music and their skillfulness as musicians: "Don't cater for anybody, do what you like and people will find it appealing."

Their approach to **Channels** was radically altered after winning the *Afri-Visie Skryf 'n Treffer-kompetisie.* They gained media exposure on many national television programmes. They were also invited to perform at the *Huisgenoot Super Skouspel*. Their EP might be promoted through the *Huisgenoot* connection too. Doing a national tour as part of the album launch is seen as a channel. CD sales at shows is an effective channel. They will distribute physical albums through a partnership with COLESKE. Their music will be available online.

Customer Relationships are built at shows: "Playing is only a very small part of being in the music industry. You have to sell yourself." He highlighted spending time with people after gigs: "People very quickly become loyal if they've met you."

The **Revenue Streams** are connected to shows: "The rest of the stuff (CD, merchandise, online sales) is a minor." He is experimenting with the idea of not having set ticket prices for shows, but to let people contribute what they thought the experience was worth to them: "I don't want to deprive anybody of music just because they don't have money. You can literally send a box around at the end of the night, or have something like SNAP SCAN."

He sees good producers, studio connections and sound engineers as **Key Resources**. Also, agents and PR people: "I don't really believe in a manager. I think a band can manage themselves. You have to do something, you might as well manage yourself." He mentioned internet access, cellphones for voice recordings, transport and social media skills. "Then you need fans, people who'll actually come listen to you."

Thy identified **Key Activities** relate to being a singer, a songwriter and being good at promotion. Also, media management and "being a social butterfly".

His **Key Partners** include Maria Rademan with whom he performs. He mentioned his producers and musicians that play on the album recording. They work with Gerda van Reenen as their booking agent, and currently with Janis Ellis who helps with their PR. He mentioned various musicians that he approaches for advice.

The **Cost Structure** discussed related primarily to album production. Connected to that is cover design, photo-shoots and costs connected to designing an EPK and other marketing material: "If you want to do it properly and chart on Jacaranda's hit parade, then it's best to go big."

Key insights: CD's are the memorabilia of a live show. Audiences should be given the opportunity to decide how much they want to pay for a show after they had the experience. To launch a album nationally in South Africa can cost up to R700 000. Average music video costs around R50 000 to make. Media partners like *KykNet*, associated with competitions like *Afri-Visie Skryf 'n Treffer-kompetisie*, is a massive value-add for launching a national album.

4.8 Case study eight: Helmut Meijer

SAMA genre: Pop (English), Dance, Adult Contemporary (English) and Contemporary Faith. Interviewee added an additional category - World Music.
Data collection: Personal interview with singer, songwriter, composer and producer Helmut Meijer on 29 July 2015.

Figure 4.11: Helmut Meijer

4.8.1 Background

Helmut Meijer is a singer, songwriter, composer and producer. In the South African context he primarily works within the Gospel market. In 2012 he collaborated with Retief Burger, Neil Buchner and Louis Britzz on the *In Verwondering* project, which was nominated that year for a SAMA for Best Contemporary Faith Music Album. Recent recording projects include albums for Lukie de Beer, Julanie J, WHOLEHEARTED, and the first Retief Burger studio album. His own compositions fall primarily within the World Music genre. He works with numerous South African artists as producer, backing vocalist and multi-instrument session musician. His own music is not commercially available currently as part of a personal commitment to a two-year sabbatical journey Meijer (2014).

4.8.2 Primary data discussion: Business Model Canvas insights

Helmut Meijer has been involved in the South African music industry on various levels. His BUSINESS MODEL CANVAS insights are discussed from the perspective of being an independent musician.

He describes his current **Customer Segment** as a more mature group of people interested in the Christian contemporary music scene. He highlighted how he would have to find an international market for the music that he personally wants to make: "I am much more interested in incorporating strange elements, also due to my fascination with travel. It's a very niche market. If I were to be a performing artist with integrity to my own musical interest I would have to look at a market other than South Africa."

For his **Value Proposition** he said that being a music producer and a musician that can play multiple instruments has given him a competitive edge: "I could always defend my music choice from a professional point of view. I could rock up as a one man show and cover all the elements, whether it be with accompaniment from a backtrack on a computer or being able to play several instruments."

He doesn't currently have any of his on music on sale due to personal reasons. In terms of **Channels**, he performs with other artists who often are the people that he produces albums for: "I have been asked to perform alongside other artists on other projects where there had been marketing strategies, and those albums did pretty well. But also those albums had been more conventional, and it exploited the market that I believe is in the process of extinction." He highlighted that the marketing of music needs to take a more integrated approach, using social media tools (highlighting PERISCOPE): "So basically, I can do a live performance on PERSICOPE and somebody can stream a live version of that. Or I can sit in a concert and interview and my phone becomes the periscope for anybody who locks into my account anywhere on earth. It's going to take over the perception of experience. This is where I think the revenue model is on its way - to introduce experience rather than introduce products."

With **Revenue Streams** he explained how the South African market compares to markets that are seen as global leaders: "The South African model is about ten years behind the British market and the American market. The way we still survive on physical sales is due to two elements, I believe. It's the fact that our internet is slow, and that there is still a perception in our market that online buying is not as safe." He ascribed the slow adoption of digital sales to a conservative South African culture: "Specifically the Afrikaans sector of the South African market. It's small and centrally controlled. It's a monopoly. They make money off the high-end artists, but all of those artists employ the same song writers, the same guitarists, the same drummers. There is a whole big fringe, but at the center of it there is a small core that writes for each other and make a lot of money. They they are also the ones that play on radio and they're on the stages of all the big concerts." He explained how the accessibility of music for free through YOUTUBE has resulted in a culture where people don't necessarily value owning music: "I don't need to own it if I have access to it in any case. Which to me begs the question, what is the purpose of music if it it going to be for free? People will put a different value on it. I believe the only value would really be to position people in terms of their marketing value so that an experience can be marketed."

Building **Customer Relationships** with especially an international target market is approached as an intentional social media pursuit. In terms of networks in the industry: "It's all about who you know, because people are strategic in terms of their function within the industry. Sometimes it takes one conversation with someone who is interested in the sound that you're offering and a whole new network opens up."

The **Key Resources** discussed connected with the challenge of creating a unique experience that people would be willing to pay for: "To create an experience you would have to think outside of the box that's been set up for artists." He referred to international artists like Peter Gabriel and Jean Michel Jarre who create unique concert experiences through the use of multimedia technology and innovative stage productions: "People witness the live creation of something that is so out of this world that they feel like the reset button has been pressed. People walk out and feel like they have a new outlook on life. And people yearn for that." Therefor, the resources needed to create these experiences need to be obtained.

He highlighted personal leadership and self-discipline as the most important **Key Activities** for independent musicians: "I think most artist fall by the wayside because they lack the disciplines that is often required to make this very strategic lifestyle possible." He recommended life-coaching: "In the mean while you can write your songs and record them on your phone, but get your lifestyle and your life principles - your character, your integrity and your personal leadership - get that in order. Because once the pressure goes up for you to actually deliver from a very deep and sensitive creative pool, if your personal leadership aspects falter, your life falls apart." He tied that to developing a daily routine that is conducive to harnessing creativity. Having a business plan in place, and pro-actively saving towards the equipment needed to inspire and create an authentic experience was also noted.

He included "friends who are non-musicians" as **Key Partners**: "I believe those are the contrasts that a real innovative brain needs to invent new ideas. Find a community or a crowd that has nothing to do with your music." He also noted people to write music with, someone who can handle logistics, and professionals in the production industry as key partners.

The **Cost Structure** included living expenses, a vehicle, saving for the future, buying instruments that inspire you as an artist, microphones and an in-ear monitoring system: "This is not even touching on multi-sensory. This is just in terms of an artist making music. If you think of everything following that, where visual communication comes in, it becomes a whole different expensive ballgame."

Key insights: Personal leadership is a key activity for independent artists. Having a strong internal compass and a disciplined work-ethic are key determining factors for the sustainability of a music career. Music performances need to be innovative to create multi-sensory experiences for audiences, and not just shows. Musicians need to invest in equipment at the level of a quality that would inspire themselves, to be able to inspire audiences.

4.9 Summary of Key Insights

In summary the key BUSINESS MODEL CANVAS insights drawn from the eight interviews are the following:

Kaleidoskoop: The experience created at live shows is the best marketing tool for an album. Customer relationships are built by staying in the homes of festival or event organizers in-stead of booking expensive accommodation. Intentionally remembering names of audience members builds relationship.

Khan Morbee: The way that the financial relationship between artists and record labels is traditionally structured seems to not be in the artists' favor. Bands like THE PARLOTONES who used to be signed to a label will now rather hire people to do marketing and administrative services for them on a project-per-project bases than be indebted to a record label financially.

Josh Prinsloo: Independent musicians have to intentionally equip themselves with business and marketing skills, and see it as a necessary investment into their professional careers.

Bottomless Coffee Band: Selling albums on ITUNES and other digital platforms are necessary to give credibility to the band as a brand, but not necessarily seen as a main source of income. Investing up to R200 000 to record a full album is seen as a necessary marketing costs, and not as product manufacturing per se.

Gert Besselsen: Independent musicians must see each other as potential partners, and not as competition. Collaborations and networks add value. Performance income is supplemented by working on soundtracks for movies and television etc.

Gerald Clark: Small towns across South Africa have venues and theaters that book musicians for gigs. Musicians need to therefor be willing to travel in order to make use of the opportunities to perform at these venues. Selling CDs at gigs are an important income supplement. Making music independently accompanies a more flexible lifestyle, where music is the outflow, and not the focus.

Herman Kleinhans: CDs are the memorabilia of a live show. Audiences should be given the opportunity to decide how much they want to pay for a show after they had the experience. To launch a album nationally in South Africa can cost up to R700 000. Average music video costs around R50 000 to make. Media partners like *KykNet* associated with competitions like *Afrivisie liedjieskryf kompetisie*, is a massive value-add for launching a national album.

Helmut Meijer: Personal leadership is a key activity for independent artists. Having a strong internal compass and a disciplined work-ethic are key determining factors for the sustainability of a music career. Music performances need to be innovative to create multi-sensory experiences for audiences, and not just shows. Musicians need to invest in equipment at the level of a quality that would inspire them to be able to inspire audiences.

4.10 Chapter Conclusion

A theme that stands out from the interviews is that musicians who write their own songs prefer to remain independent from record labels in order to remain in creative control of their music. The reality is that they then also need to manage the business aspects of their careers. This reality includes being responsible for the acquisition of the funds needed to record and promote albums. This still seems be a priority expense. The expense is however seen more as a marketing expense than a "product manufacturing" expense. The phrase "your CD is your really expensive flier" summarizes the shift of focus from selling physical or digital albums to selling tickets to live performances as the main revenue stream for independent musicians in South Africa.

The highlighted importance of building networks and partnerships within the music industry stems from this shift towards prioritizing live performances. It also leads to the emphasis on creating unique musical experiences for audiences. This informs the development of a new value-proposition for music as an experience in an era where people seem to not value the physical ownership of music as a product anymore.

Chapter Five explores themes that can be drawn for each dimension of the Business Model Canvas from synthesizing the insights of the eight interviews discussed in Chapter Four.

Chapter 5

Combined Business Model Canvas thematic analysis

"To be clear, we are still in the music business, but creating and selling music now plays more of a supporting role in our overall business mix. As we get ready to headline a five city stadium tour of China this summer, we are also planning to meet with technology companies, consumer brands, and venture capital firms to discuss opportunities for partnership. Of course we'll play the shows and meet with fans, as we've always done."[1]

– Linken Park

This chapter aims to integrate key combined insights from the case studies presented in Chapter Four to develop a framework for understanding how independent musicians in South Africa currently describe the business side of their music careers from a Business Model Canvas perspective. Word clouds of the interview responses to each of the nine Business Model Canvas themes were developed by using the online wordcloud generator software developed by Jason Davies Daviews (2015). The wordclouds are included in the discussion of the findings below to supplement the Leximancer topical network data analysis outputs.

5.1 Customer Segments

In order to gain a first glance impression of the data, a word cloud was created by combining the responses to the **Customer Segment** question of all eight

[1] (Berry, 2015)

interviews. An initial overview of the word cloud reveals that the interviewees largely refer to their customer segments in a generic way, as "people". The use of the term "markets" is language usage that conveys a commercial understanding of music audiences. Customer segments are mostly described demographically. Age, family life-cycle and language preference are used to verbalize the underlying segmentation bases used to come to an understanding of target audience, or customer segments. There is some reference to lifestyle- and psychographic segmentation as well.

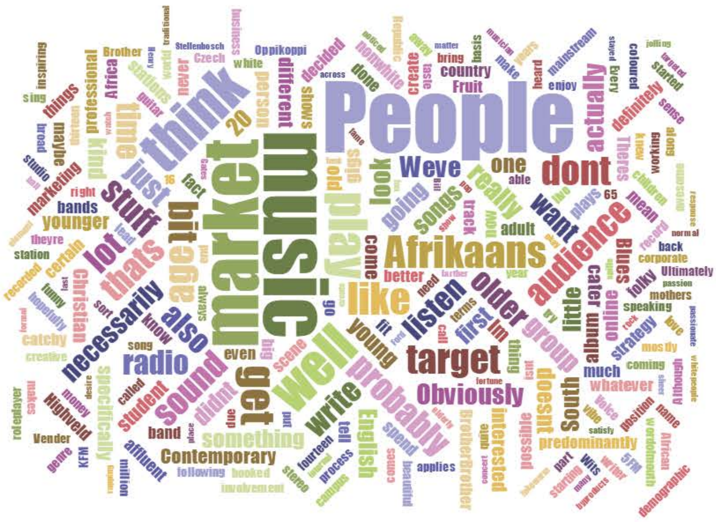

Figure 5.1: Wordcloud - Customer Segments

Wordclouds are effective to provide an overview of initial themes emerging from data but they are not enough to provide the most accurate analysis of the data.

A *Leximancer* topical network analysis was done to aid in developing an understanding of **Customer Segments**. The topical networks were clustered according to: music, write, age, play, probably and time.

A more in-depth analysis of the themes, explored in conjunction with holistic insights from the interviews, begins to reveal how the interviewees collectively define their **Customer Segments**.

5.1.1 Music

Connectivity to Customer Segments: 100 percent

Connected concepts: music, people, market, target, listen, older, young, professional, Afrikaans, younger, tell, shows, stuff, look, decided, cater, affluent, fact, English.

Insights: Insights from the analysis of the **music** theme highlights how independent musicians view the development of customer segments: "When

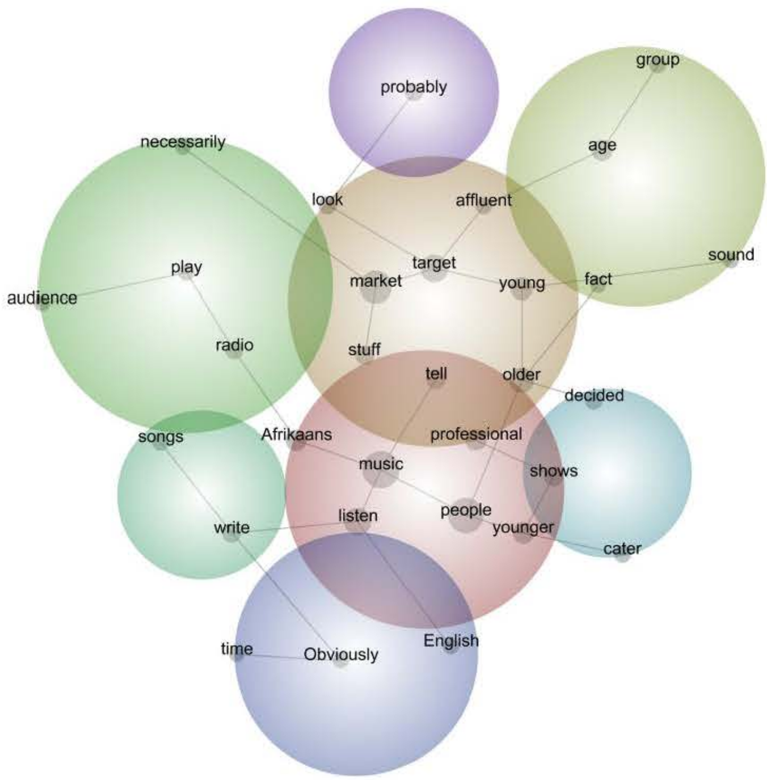

Figure 5.2: Customer Segments Leximancer topical network map

I create music I try to be connected with a certain honesty in myself, which doesn't always go out the big masses of people." Their customer segments seem to develop organically as people relate to the music they make. They appear to not be catering for a particular market requirement or taste when they create music: "So I make it for myself and I mean it's never really been for validation. I subscribe to the model that before I am a song writer or a musician I am a fan of music and obviously the stuff that applies to me most probably applies to millions of others and you are a product of what you consume." When prompted to reflect on it they identify customer segments retrospectively, primarily by demographics like age, income and language: " Although we find that children right through to elderly and even English people like the music and listen to it."

5.1.2 Write / Age / Play / Probably / Time

Connectivity to Customer Segments: Less than ten percent.

Connected concepts: With the **write** theme, the connected concepts are write, radio, songs and obviously. With the **age** theme, the concepts are:

age, group, sound. With **play** the concepts are: play, necessarily, audience. **Probably** and **time** do not reveal significant concepts other than the main themes.

Insight: The themes that connected less than ten percent within the **Customer Segments** analysis still reveal a degree of insight into how independent musicians view their customer segments.

It seems like the music writing process is not done from the perspective of catering for a particular segment: "Obviously I want the whole world to listen to my music, it will be silly for me to go and write music according to a structural form. That is also why I am an independent."

Being an independent musician with creative control over the content of the music is contrasted to being signed to a record label. For signed musicians there are certain markets identified that the musician must write to cater for: "Record labels want you to write in a certain way. Obviously it makes sense, it sells."

The age of the audience is used to describe a perceived segment. The concept of sound preference is connected to age group preference: "the age group is a bit bigger, because the sound is a bit gentler."

Market segments are understood from two **play** perspectives: Radio audiences ("It used to be primarily FiveFM. But not anymore, now they don't play us at all because they have gone more into an urban sort of environment and we don't fit the format."), and live audiences ("We'll play at a student place or play to a predominantly white audience.").

The emergence of the **probably** theme perhaps signifies that the interviewees identified their **Customer Segments** deductively and retrospectively by thinking about who they perceived to be at their shows or which radio stations play their music. Identifying specific **Customer Segments** to intentionally target through their music writing and marketing might not be a conscious strategy for them. Hence, they probably guess who their **Customer Segments** are when prompted to do so.

5.2 Value Proposition

An overview of the **Value Proposition** theme from the wordcloud highlights how the unique atmosphere created when people attend live shows is seen by the interviewees as a key value proposition. Creating a unique experience for audiences is the main value proposition worth noting. Musicality, and presenting a "honest" and "fresh sound" are seen as key value drivers. The emphasis thus seems to be on developing a value proposition around delivering a unique live performance experience.

The following themes were derived from the Leximancer analysis of the combined **Value Proposition** interview responses: music, sound, stage, play, obviously, song, able, bands, honesty, buy.

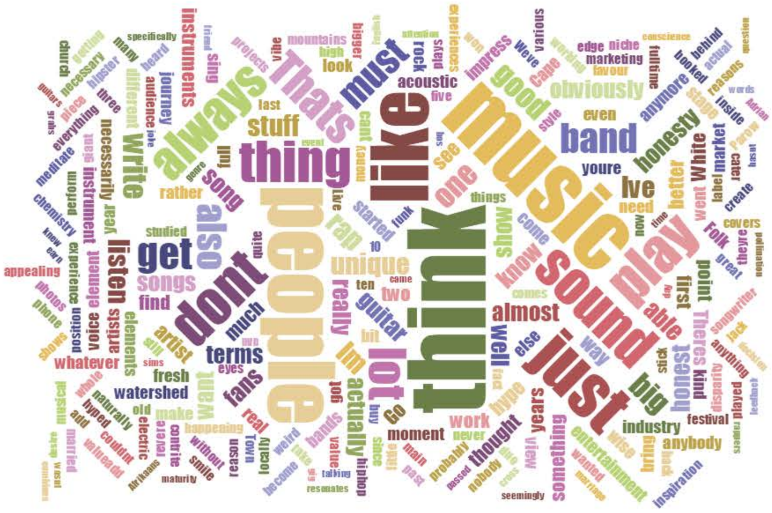

Figure 5.3: Wordcloud - Value Proposition

A more in-depth analysis of the themes, explored in conjunction with holistic insights from the interviews, begins to reveal how the interviewees collectively define their **Value Propositions**.

5.2.1 Music

Connectivity to Value Proposition: 100 percent.

Connected concepts: music, people, write, songs, instruments, rap, necessarily, terms, old.

Insight: The actual aesthetic of the music seems to be an important perceived **Value Proposition** for independent musicians.

Reference is made to the integrity and honesty of the music: "I think that is why people listen. I can't listen to music that I don't find real" and "if I listen to my music I find a certain truth to it."

Combining several genres that highlights the musical ability of the performer stands out as a **Value Proposition** driver: "We play ten instruments, and we're constantly adding" and "we do it like a rap artist inside the framework of a full band. We've also started to do funk music."

A social media connection to the stories of the songs and the experiences of the musician adds value: "If you look at my FACEBOOK and TWITTER I'm always almost posting more inspirational photos of stuff that I do. It's not necessarily stuff about music."

5.2.2 Sound

Connectivity to Value Proposition: Forty-seven percent.

Connected concepts: sound, full, band.

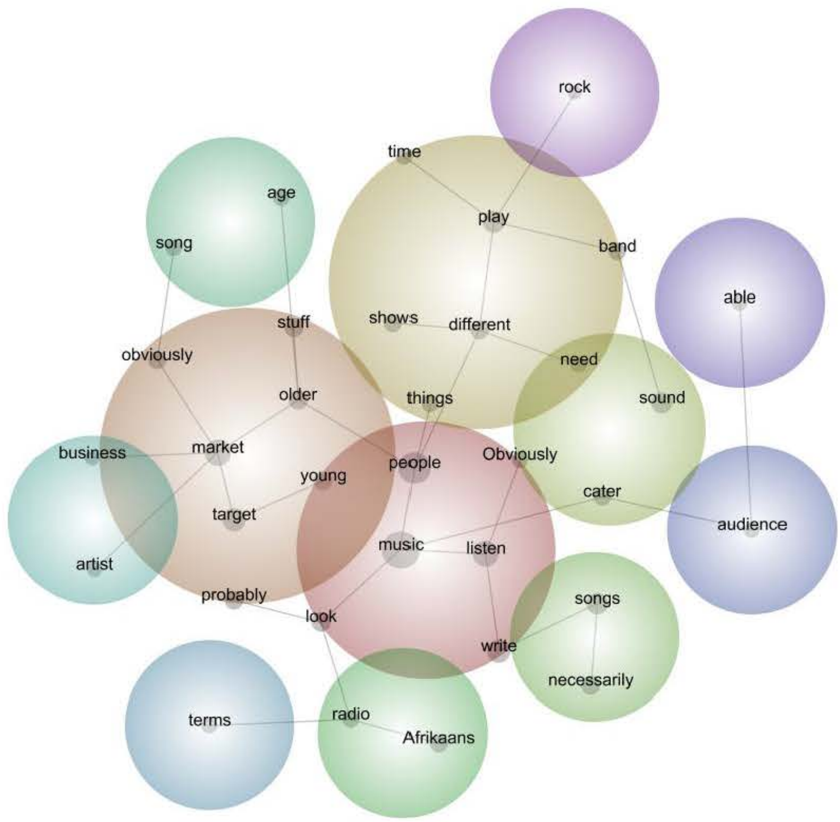

Figure 5.4: Value Proposition Leximancer topical network map

Insight: To have a unique sound as a performer is a key value proposition driver: "When you're sound is fresh." It connects to the sound of full bands at live shows.

5.2.3 Stage

Connectivity to Value Proposition: Thirty-eight percent.

Connected concepts: stage, look, thought, fact, things, artists, photos.

Insight: How music is presented on stage is perceived as an important value driver: "People make their judgment on various things like their perception on how you look, how you act and then obviously the sound that gets translated on stage."

The **stage** theme is extended to presenting an image beyond the physical stage to other platforms, like posting photographs on social media: "if you look at my FACEBOOK and TWITTER I'm always almost posting more inspirational photos of stuff that I do."

Diversified musical abilities is seen as significant to provide added value: "I started off as an artists who wanted to produce my own music from an experimental point of view and from an ideation point of view."

5.2.4 Play

Connectivity to Value Proposition: Thirty percent.

Connected concepts: play, listen, guitar.

Insight: Again, the **Value Proposition** is connected to the musical ability of the performers and to the connection with audiences at live performances: "We're only allowed to play for an hour and a bit, but we end up signing for three hours. It's important to have that connection with your fans."

5.2.5 Obviously / Song / Able / Bands / Honest / Buy

Connectivity to Value Proposition: Less than twenty percent.

Connected concepts: For the **obviously** theme the concepts are: obviously, artist, hype. For **song**: song, year. **Able**, **bands**, **honest** and **buy** do not have additional concepts.

Insight: The themes with less than twenty percent connectivity still provide insight as to how independent musicians understand their **Value Proposition**.

It relates to the integrity of writing music that is true to themselves: "I can't not like the song. I'm the person who has to sing this song for the next five years" and "You have to be honest about it."

It also relates to demonstrating a dedication to their fans: "Our value proposition is we are very aware that without fans we will not be able to do this full-time."

The main drivers of **Value Proposition** are thus perceived by the interviewees to be found in the aesthetic quality of the music and the presentation thereof. Also, in the uniqueness of the sound, the musical versatility and skill of the performer, and the ability to remain true to creative authenticity. For the fans, and for themselves.

5.3 Channels

An overview of the wordcloud for the combined responses to **Channels** highlights live performances and distribution through online platforms like iTunes as two noteworthy ways that the interviewees distribute their music. Online aggregators are used to distribute music through various digital sales platforms. Radio as a publicity medium is also highlighted. Physical CD sales through retailers doesn't seem to be the a viable option for the musicians with a more regional or localized following. The musicians with a national and international following mention distribution deals as their way to engage their target markets in a physical retail context. Selling albums at shows are mentioned as an important distribution channel. Social media tools like SOUNDCLOUD, FACEBOOK and PERISCOPE are mentioned as promotional channels to create publicity for albums and particularly shows.

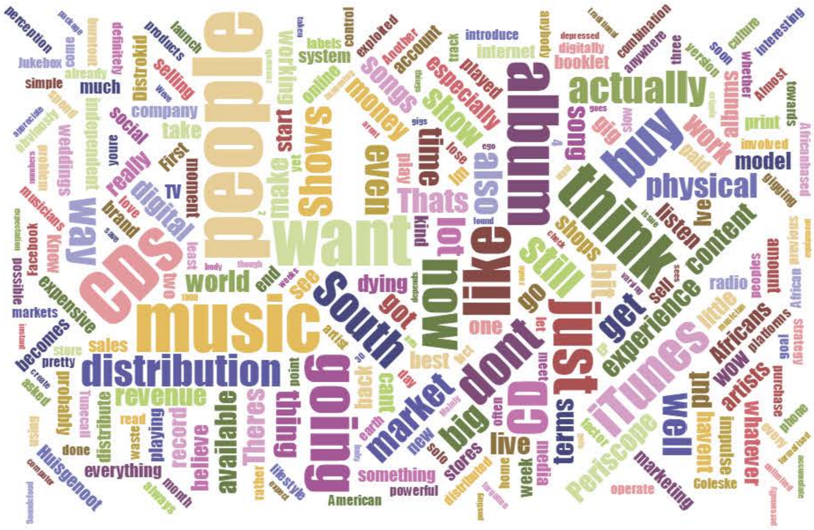

Figure 5.5: Wordcloud - Channels

The LEXIMANCER analysis highlights the following themes relating to **Channels** from the combined interview data: music, best, revenue, live.

A more in-depth analysis of the themes explored in conjunction with holistic insights from the interviews begins to reveal how the interviewees collectively define their **Channels**.

5.3.1 Music

Connectivity to Channels: 100 percent.

Connected concepts: music, people, buy, album, *iTunes*, physical, artists, distribution, work, stores, market, digital, CD, shops, start, working, available, listen, terms, time, believe, experience, paid.

Insights: The interviewees interpreted **Channels** as either platforms they use to sell their music ("Our music is available on ITUNES") or mediums they use to promote their music ("It's obviously TV, music videos and TV interviews").

There is a degree of connection between choice of **Channels** and identified **Customer Segments**: "Music is a lifestyle brand, it's all about lifestyle, so you want to meet the people where they are."

A distinction is made between three distribution strategies: "Stores, the digital world, the streaming realm" and "we'll work out a strategy to see what is the best way to package it, whether it's physical or whether it's digital."

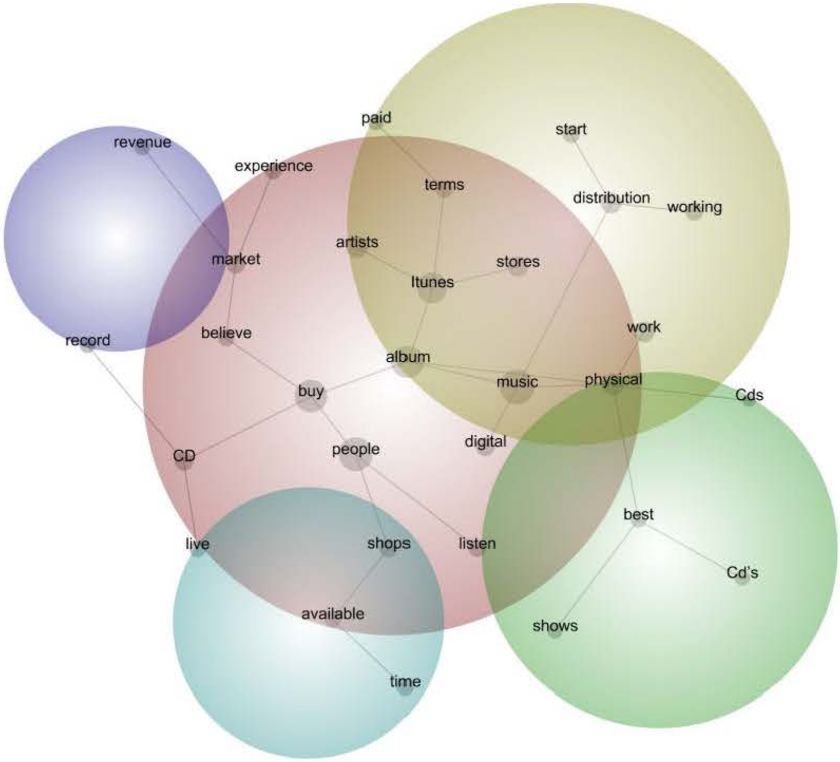

Figure 5.6: Channels Leximancer topical network map

Selling physical albums in retail stores is no longer perceived as a financially worthwhile strategy: "I think in the end you get thirty percent out, even less. We did the math. Because you have to work through a label, and then you have to work through the distribution company and then eventually to have your music in the stores is just too expensive. So we are emphasizing the ITUNES sales, but then our physical album sales we want to start our own fork of distribution." Those who do sell physical albums in retail stores make use of targeted distribution deals: "We have a deal with KANADA RECORDS who distributes to minor music shops around Gauteng." / "Our CD's are available at our shows and a couple of independent music shops."

Live shows are noted as an important point-of-purchase for the impulse buying of physical albums: "Just because people want to capture the experience, they want to take the experience home."

The interviewees who understood the **Channels** discussion from a marketing perspective highlighted the significance of social media: "In the future marketing has to be a much more integrated approach, using the social media resources that are already out there and that are developing."

There is a highlighted integration between **Channels** for online music selling and marketing. This leads into the development of online **Customer Relationships**: "When they bought your thing on iTunes they should start following you on Instagram and Facebook."

5.3.2 Best / Revenue / Live

Connectivity to Channels: Less than ten percent.

Connected concepts: For **best**: best, shows, Cd's. For **revenue**: revenue, record. For **live**: live, CD's.

Insight: The themes with less than ten percent connectivity still provide insight as to how independent musicians understand their **Channels**.

It is evident from national consumer spending statistics that physical CD sales are declining. However, it is perceived by the interviewees as being an important value-add for fans at a live show: "Sell albums at shows as well, that's great. That's probably the best way to sell, because people are so excited about the show they just want to take your music home." Selling CD's at shows also contributes to **Revenue Streams**: "Shows are anyway the place where CD's sells the best."

5.4 Customer Relationships

The wordcloud of the combined interview responses alluded to "talking with fans after shows" as an important way for musicians to form **Customer Relationships**. "Customers" are referred to as either fans or audiences, but mainly also as simply as "people". Intentional social media interaction is highlighted, with mention made of Facebook, Twitter and Instagram.

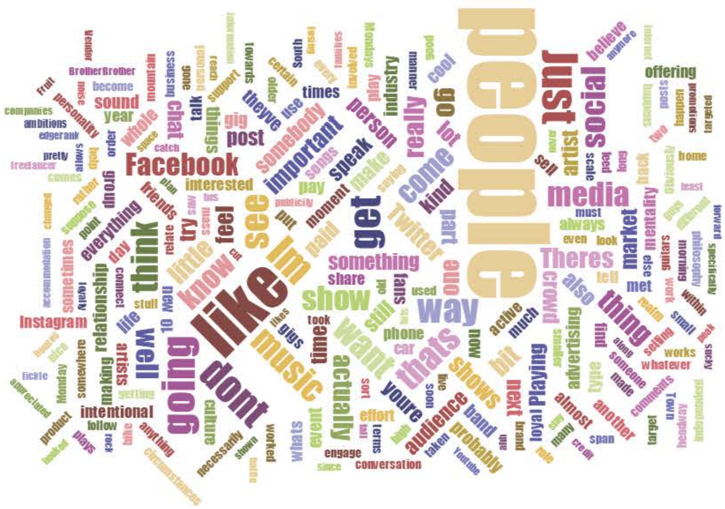

Figure 5.7: Wordcloud - Customer Relationships

The LEXIMANCER analysis shows the following themes from the combined **Customer Relationships** interview data: People, shows, playing, artist, relationship.

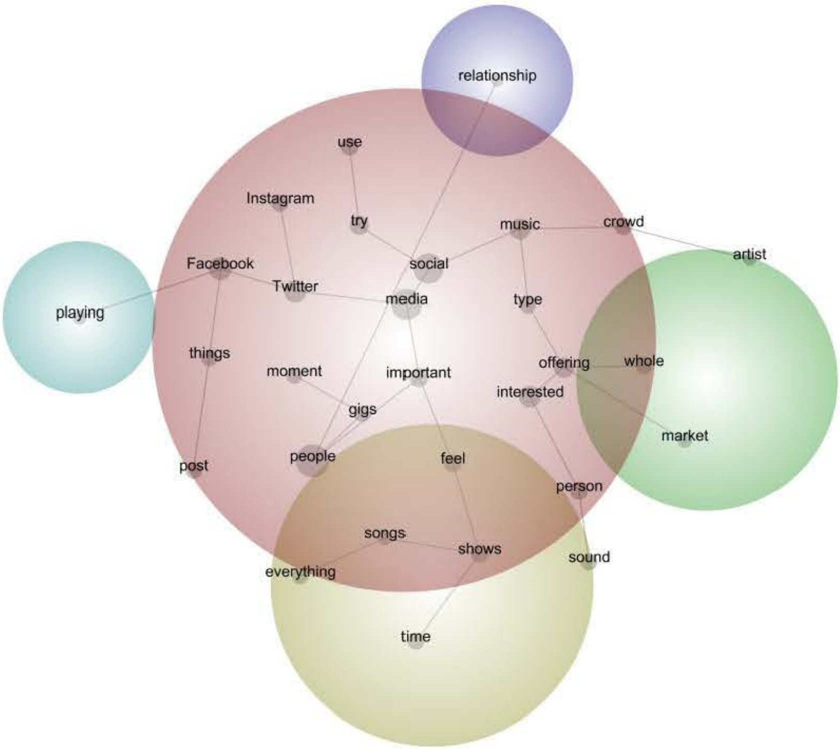

Figure 5.8: Customer Relationships Leximancer topical network map

A more in-depth analysis of the themes in conjunction with holistic insights from the interviews explores how the interviewees collectively view building **Customer Relationships**.

5.4.1 People

Connectivity to Customer Relationships: 100 percent.

Connected concepts: people, media, social, FACEBOOK, TWITTER, interested, music, offering, try, important, use, feel, INSTAGRAM, type, crowd, post, things, gigs, moment.

Insights: The music business is primarily a people business. Maintaining relationships with fans and others in the industry is perceived to be of primary importance to the interviewees: "There is probably going to be that group of people that have been with you that's going to carry you through after your peak." / "It's all about who you know because people are strategic in terms of their function within the industry."

In terms of intentionally building **Customer Relationships** there is an interplay between real life ("before and after we will mingle with the crowd") and social media ("I try and engage with those people. If they comment on something I go ah, or I go look at their pages and look for something I like").

Direct marketing is mentioned as a strategy to build **Customer Relationships**: "People are more likely to come because they appreciate you took the time to call them and not just send them a spam message. So when I'm doing the more intimate gigs I do want to make it part of the strategy to phone people, maybe just ten people."

5.4.2 Shows

Connectivity to Customer Relationships: Twenty-one percent.

Connected concepts: Shows, person, time, whole, sound, everything, market, songs.

Insights: This theme highlights the significance of the connection with fans at live shows: "Any artist will tell you that its rather tiring to be intentional and involved in conversations after shows. But we always say that if you don't do that there is no point in being a brand. That is your only time that you really can connect with someone face-to-face, before or after or during a show." / "With the shows we definitely made the decision that as much as that person wants to chat we'll chat, until they feel they've had enough."

5.4.3 Playing / Artist / Relationship

Connectivity to Customer Relationships: Less than five percent.

Connected concepts: There are no additional concepts related to the themes.

Insights: The themes with less than five percent connectivity still provide insight as to how the interviewees build other industry relationships too, primarily with other musicians: "I find that there is a small group of independent artists at this particular event where the culture is changing, less from a kind of consumption perspective and more kind of relationship dynamic."

5.5 Revenue Streams

Every interviewee mentioned live shows first as the main income stream for independent musicians. The wordcloud of the combined interview data for **Revenue Streams** alludes to CD sales at shows as an important impulse purchase opportunity. Physical and digital album sales are mentioned as add-on income supplements. The main focus for independent musicians who want to make a living out of their music seems to be getting booked for a paying gig. Very little mention is made of needle-time or other royalties. The connection between **Revenue Streams** and **Channels** becomes apparent in the discussion.

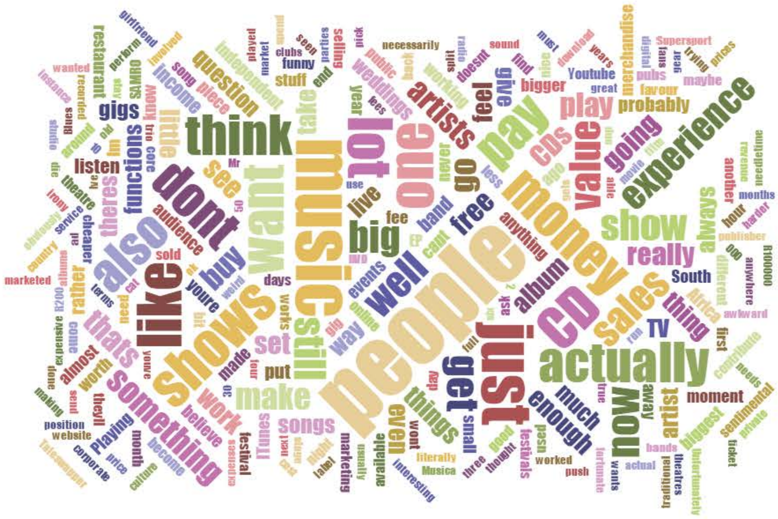

Figure 5.9: Wordcloud - Revenue Steams

The LEXIMANCER analysis identifies the following themes to discuss **Revenue Streams** from the combined interview data: People, shows, value, artist, gigs.

A more in-depth analysis of the themes explored in conjunction with holistic insights from the interviews, highlights how the interviewees collectively define their **Revenue Streams**.

5.5.1 People

Connectivity to Revenue Streams: 100 percent.

Connected concepts: People, music, CD, money, free, pay, buy, feel, artists, album, CD's, audience, festival.

Insights: **Revenue Streams** are defined according to how people behave as music consumers: "We've done a couple of private parties as well because it would be all people can afford."

The change in how people behave as music consumers is also noted as having an influence on **Revenue Streams**: "CD sales worked in your favor a lot more than now because you have a lot less people using CD's. I think fifty percent of your audience don't buy the CD's simply because they don't use CD's."

Utilizing the live performance experience as the main **Revenue Streams** generating opportunity is evident: "People would pay for a gig." / "They will

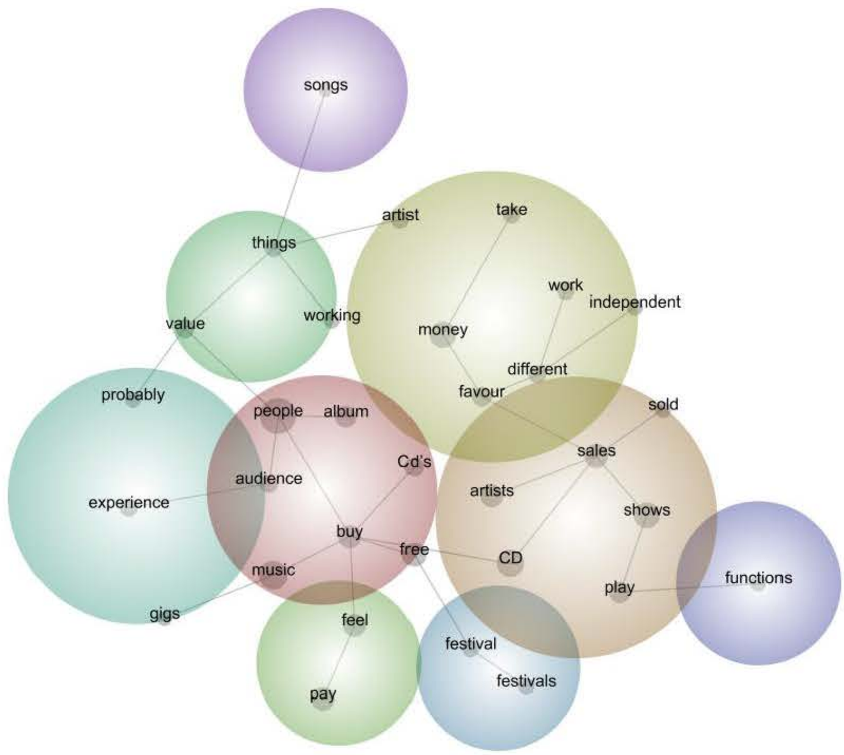

Figure 5.10: Revenue Streams Leximancer topical network map

probably find a way of surviving by creating an authentic experience for their audience. And probably if they do that well enough people will throw money towards it."

5.5.2 Shows

Connectivity to Revenue Streams: Forty-eight percent.

Connected concepts: Shows, sales, play, favour, work, different, take, festivals, sold, functions, independent.

Insights: This theme underlines the significance of being paid to do live shows or events as the main income for independent performing musicians: "I would say for us it's live shows." / "At first our CD sales at shows made the most of our money, but since we built a bigger fan-base we can increase ticket prices as well as our fees for playing at functions and weddings." / " You'll make your money from shows, the rest of the stuff is a minor."

Other **Revenue Stream** connected to live shows includes CD sales at the shows: "The bulk of my sales are from live shows."

Sales of MP3 tracks on iTunes and other platforms does not yet compete well with revenue generated from live shows: " There are some digital downloads."

Innovation in terms of setting ticket prices for live shows is also noted as a way to potentially develop customer loyalty: "For me it's to look differently at theater shows. For instance I don't want to ask a set entrance fee."

It is noteworthy that no significant mention is made by the interviewees of needle-time royalties due artists for the public performances of their original music. The income generated through online exposure is downplayed too: "I know that there are artists making a lot of money from stuff on YOUTUBE, like you can monetize that, there's different avenues. But I think in South Africa its difficult. It's way harder that off-shore because you need a lot of views to get decent money from it."

There are a wide range of potential **Revenue Streams** that could be generated from music. The interviewees however almost exclusively emphasized that their only sustainable income comes from being paid to do live shows, functions, events and festivals. This connects back to developing a **Value Proposition** around creating unique experiences for audiences discussed earlier in this chapter.

5.5.3 Value / Artists / Gigs

Connectivity to Revenue Steams: Less than twenty percent.

Connected concepts: For **value**: value, things, experience, probably. For **artists**: artist, working, songs. For **gigs**: no additional concepts to the main theme.

Insights: The themes with less than twenty percent connectivity still provide insight as to how the interviewees perceive generating an income from their music as an integrated approach: "As an artist you should have all things set up to work in your favor because this month this is working very well, and that month this is coming through."

5.6 Key Resources

Instruments, time and internet access were evident as being **Key Resources** from the wordcloud overview of the combined interview data. The use of technology (laptops and cellphones), and the need for social media skills is also highlighted. To know people and to have networks and contacts is also seen as **Key Resources**.

The LEXIMANCER thematic analysis identifies the following themes related to **Key Resources** from the interview data: Equipment, need, experience, money, record, write, work, resources, live, start.

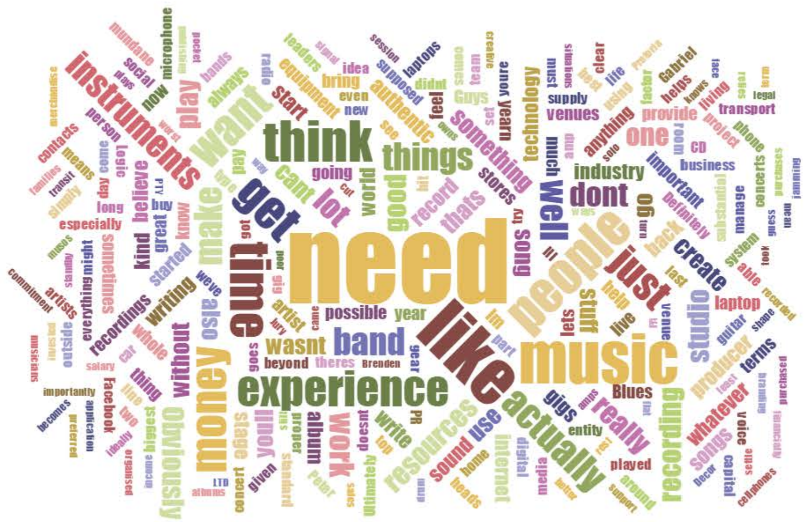

Figure 5.11: Wordcloud - Key Resources

A more in-depth analysis of the themes, explored in conjunction with holistic insights from the interviews, explores how the interviewees collectively define their **Key Resources**.

5.6.1 Equipment

Connectivity to Key Resources: 100 percent.

Connected concepts: equipment, recording, studio, play, things, time, instruments, internet, industry, living.

Insights: The equipment that the interviewees perceived to need relates to different phases of making music:

1. **Preparation**: "For me, the main resource is time. You can't really do anything substantial if you don't have the time."
2. **Pre-production**: "We need a recording studio and the equipment and programs to play around in for pre-production of the album or DVD."
3. **Recording**: "I work on Logic. But when we record we are at the mercy of whatever the producer uses which is generally industry standard ProTools."
4. **Performing**: "Decor, merchandise (branding), preferred instruments and equipment."
5. **Marketing**: "Proper laptop to start with and internet because I mean let's face it you can be jamming in your flat all day writing songs but if you don't have the resources to actually upload the songs and to be present on the digital world then there's no point."

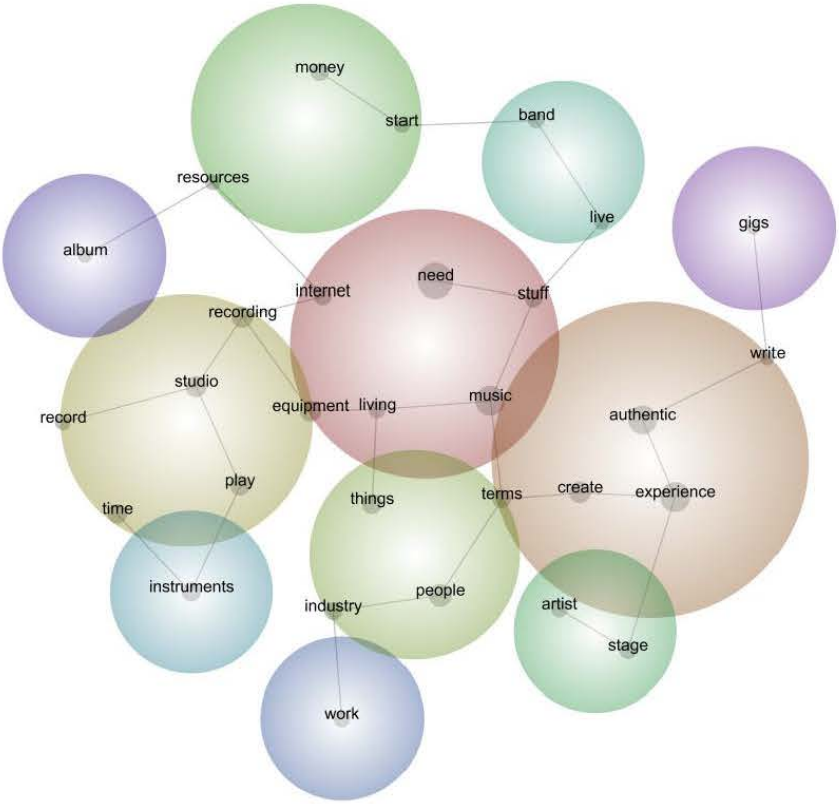

Figure 5.12: Key Resources Leximancer topical network map

The resources needed to make music are considered from a value chain perspective: "What we have to make us able is obviously instruments, transport/tour van, a studio or proper recording equipment, rehearsal space, internet and devices to do social media on, an investor, which helps immensely to do things like print CD's, and time obviously."

Connections built over time with other people in the industry is viewed as a **Key Resource**: "To make a living, to get to where I am now you need a lot of experience and you need a lot of contacts. I can phone the Blues Summit guy and tell him when I want to play. That just comes with time."

5.6.2 Need

Connectivity to Key Resources: Eighty-one percent.

Connected concepts: need, music, people, terms, stuff.

Insights: The need theme highlights non-material resources that the interviewees perceived to be key for sustaining their music careers. The needs can be grouped as personal needs, people needs and public needs:

1. **Personal**: "We need rest! Most importantly to be creative we need to

switch off and clear our heads." / "You need an idea of what type of music you want to make."

2. **People**: "The biggest part that you'll need is a team of people." / "You need someone to do the press, the PR and all of that stuff."

3. **Public**: "You need a car and guitar and circuit to play." / "Then you need fans, people who'll actually come listen to you."

5.6.3 Experience

Connectivity to Key Resources: Sixty-nine percent.

Connected concepts: experience, authentic, create, stage, artist.

Insights: Interviewees described the **Key Resources** they need to create a memorable experience for their audiences: "In order words, where it's like a multi-sensory experience, and on top of that innovative in terms of the instrumentation you use and the type of technology that you use to actually create music on stage."

This relates back to the **Value Proposition** discussion, as well as to the insight that live performances are seen as the most significant **Revenue Stream**. Hence, the resources needed to create the experience that consumers would be willing to pay premium for is noted as important.

5.6.4 Money / Record / Write / Work / Resources / Live / Start

Connectivity to Key Resources: Less than twenty percent.

Connected concepts: For **money**: money, band. For **record**: record, album. For **write**: write, gigs. **Work**, **resources** and **live** do not have additional concepts.

Insights: The themes with less than twenty percent connectivity still provide insight when identifying **Key Resources** needed by independent musicians.

Money as an obvious resources is mostly highlighted in relation to paying third-party service providers to record and produce music. One of the big challenges for independent musicians is not having the initial financial investment by a record label when having to pay to record an album in a professional studio: "If you're not recording from home like we do, you'll need money. Which a lot of times the other bands will come from their nine-to-fives, so each member of band will split the recording fee."

The alternative presented by the interviewees is to acquire the resources needed to self-record: "With the right programmes you can basically record your own full album." / "We want to start doing more home recordings. So that's a whole new world which most of the bigger bands are heading towards."

5.7 Key Activities

The combined wordcloud overview of the interviews highlights the following **Key Activities** related to being an independent musician: songwriting, rehearsing, administration (like answering emails), marketing, "gigging" (performing), recording, traveling. Also, own recording and producing in some instances. Interviewing (media relations). Also, interaction with fans on social media.

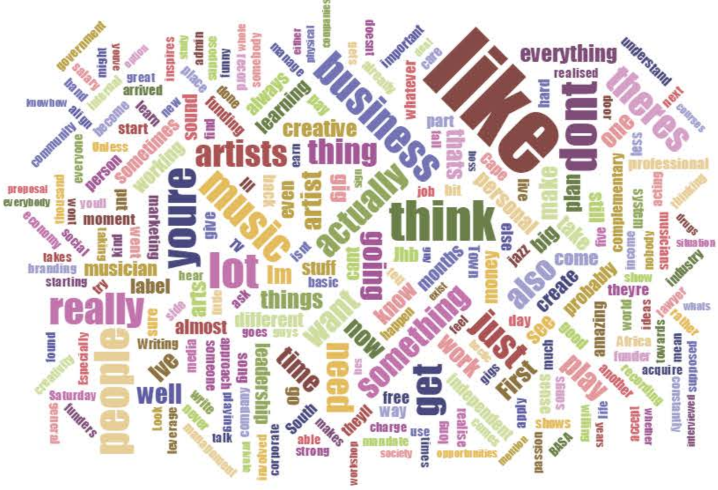

Figure 5.13: Wordcloud - Key Activities

The LEXIMANCER analysis identifies the following themes related to **Key Activities** from the interview data: business, artist, need, work, artists, probably, money, everything, gig.

A more in-depth analysis of the themes, explored in conjunction with holistic insights from the interviews, explores the collectively defined **Key Activities** of independent musicians.

5.7.1 Business

Connectivity to Key Activities: 100 percent.

Connected concepts: business, people, music, doing, time, things, stuff, understand.

Insights: The interviewees highlighted that significant **Key Activities** relate to managing their creative careers from a business perspective: "Then you have to manage a business, you have to know what you're doing." / "I have drafted a business plan." / "I think this is an advantage I have, having a private business of my own."

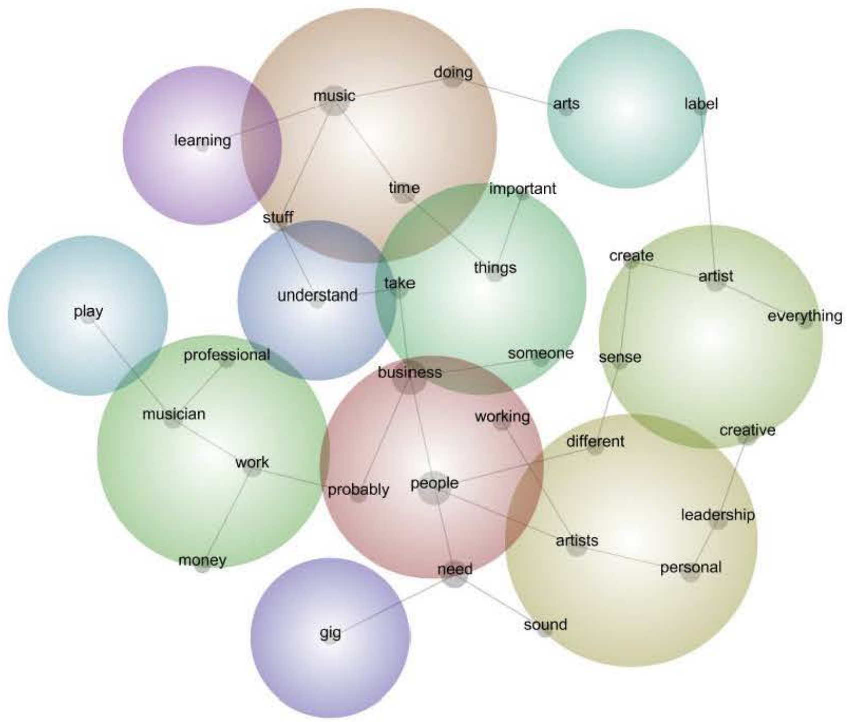

Figure 5.14: Key Activities Leximancer topical network map

Related to that is the learning activities needed to be able to be a creative entrepreneur: "I had to study marketing course to learn something about business."

5.7.2 Artist

Connectivity to Key Activities: Fifty-six percent.

Connected concepts: artist, creative, leadership, personal, different, sound, sense.

Insights: Their are **Key Activities** that the interviewees connect to being an artist that extends beyond making music or running a business. For the purpose of discussion they can manually be grouped according to personal leadership development, creative economy participation and community development activities.

1. **Personal leadership development:** "I think most artist fall by the wayside in the area that they lack the disciplines that is often required to make this very strategic lifestyle possible." / "When those things are

in place, let's just call them the character principles, those are the first things I would put in place for a start-up artist."

2. **Creative economy participation**: "It takes people like us to create that economy, the creative economy."

3. **Community development**: "It's not this veiled thing, this separation of the artist and listener and artist and stakeholder. It's actually that there's a co-laboring, a kind of mutuality, a community atmosphere." / "You're only going to waste all that time drafting a proposal to government and then they're not going to give it to you because government doesn't care about arts. In the sense that arts can't, to them, uplift society. Even though that is its function."

5.7.3 Need

Connectivity to Key Activities: Thirty-seven percent.

Connected concepts: need, take, someone, create.

Insights: The **need** theme again brings to the surface that there are **Key Activities** that the interviewees associate with "needing to do" to be a full-time musician. These activities do not necessarily directly relate to making music. They can be grouped according to learning, lifestyle and legal advice.

1. **Learning**: "I've done a lot of reading on the music business itself."

2. **Lifestyle**: "Maybe you need someone who can do some life-coaching. In the mean while you can write your songs and record them on your phone. But get your lifestyle and your life principles, your character, your integrity and your personal leadership in order, because once the pressure goes up for you to actually deliver from a very deep and sensitive creative pool, if your personal leadership aspects falter, your life falls apart.")

3. **Legal advice:** "You actually just need a good lawyer who understands the industry who might steer you in those direction."

5.7.4 Work

Connectivity to Key Activities: Twenty-seven percent.

Connected concepts: work, musician, professional, learning.

Insights: The interviewees view "musician" as a job description. It is their careers, or their "work".

It is also perceived as being "hard work", contrary to stereotypical public perception of the entertainment industry lifestyle: "You have to work your ass of if you want to make it as an independent musician." / "The crux is still a lot of studying and a lot of hard work and a lot of making sure that all your bases are covered."

Career development is seen as a continuous learning activity: "Learning about how other businesses that are not in music work."

5.7.5 Artists / Probably / Money / Everything / Gig

Connectivity to Key Activities: Less than twenty percent.

Connected concepts: For **artists**: artists, working. For **probably**: probably, arts, important. For **money**: money, play. For **everything**: everything, label. **gig** has no connected concepts.

Insights: The themes with less than twenty percent connectivity still provide insight as to how the interviewees perceive **Key Activities** related to their music careers. These can be manually grouped into diversification, financial management, doing "label" activities and gigging.

1. **Diversification**: "Your passions fuel one another."
2. **Financial management**: "You want a saving account, pension and insurance in case anything happens." / "We also have to do our taxes, we also have to do all our filing. We have to make sure that all the money comes in, we have to do all the invoicing."
3. **Doing "label" activities**: "For us, the independent ones, we put in hours of admin because we do everything ourselves." / "We have to do all the logistics, we have to do all the tech-riders."
4. **Gigging**: "The evening we did a gig and they were so impressed."

5.8 Key Partners

The wordcloud clearly highlights "people" as a **Key Partners** theme. From the interviews it becomes clear that the people who are seen as **Key Partners** include journalists, recording studios (producers), music store personnel, sound engineers for live shows and venue owners. For some also corporate sponsors. Other band members and songwriters are mentioned. Fans, or people who buy the music are seen as **Key Partners**, with reference also to crowd-funding album recording projects.

The LEXIMANCER analysis identifies the following **Key Partners** from the combined interview data: Time, people, album, independent, take, manager, tour, work.

A more in-depth analysis of the themes considered in conjunction with holistic insights from the interviews explores who the interviewees collectively view as **Key Partners**.

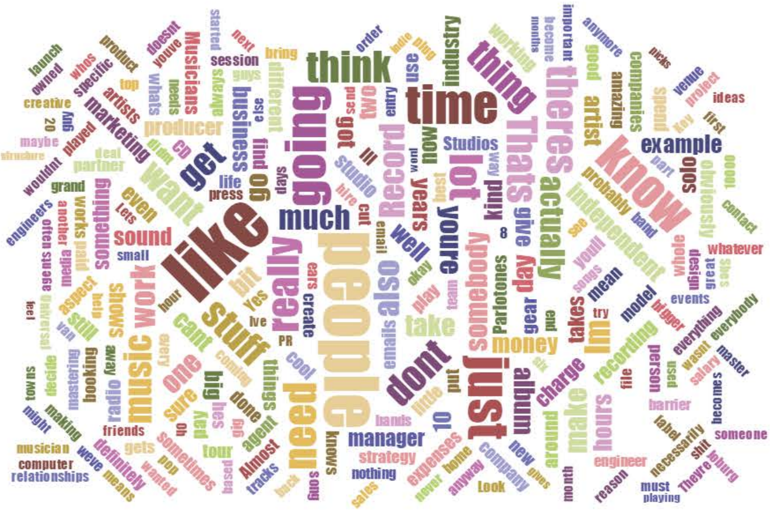

Figure 5.15: Wordcloud - Key Partners

5.8.1 Time

Connectivity to Key Partners: 100 percent.

Connected concepts: time, need, stuff, somebody, money, recording, down.

Insights: The interviewees indicated how their **Key Partners** vary according to particular times during the production process: "Around the time of the album you need press."

It seems like time as a **Key Resource** is a factor that leads to getting more people on board to assist: "Where I think I can't or don't have the time anymore to do it, but I definitely wouldn't pay for something if it isn't an absolute necessity." / "One guy I know has a PA, you know somebody who manages the business. I suppose the bigger your career becomes the more you'll have to create support systems."

The theme also connect to the amount of time that the interviewees have been involved in the industry. The resulting experience level decreases the perceived usefulness of certain partnerships: "I don't think it's necessary to have a producer. If you can afford a producer by all means, but it's not necessary. Especially if you've studied stuff for a long time and you know what works for you."

5.8.2 People

Connectivity to Key Partners: Seventy-one percent.

Connected concepts: People, music, business, pay, working.

Insights: **Key Partnerships** are seen as strategic connections within an industry network: "Sometimes you have to be a little but ruthless with your

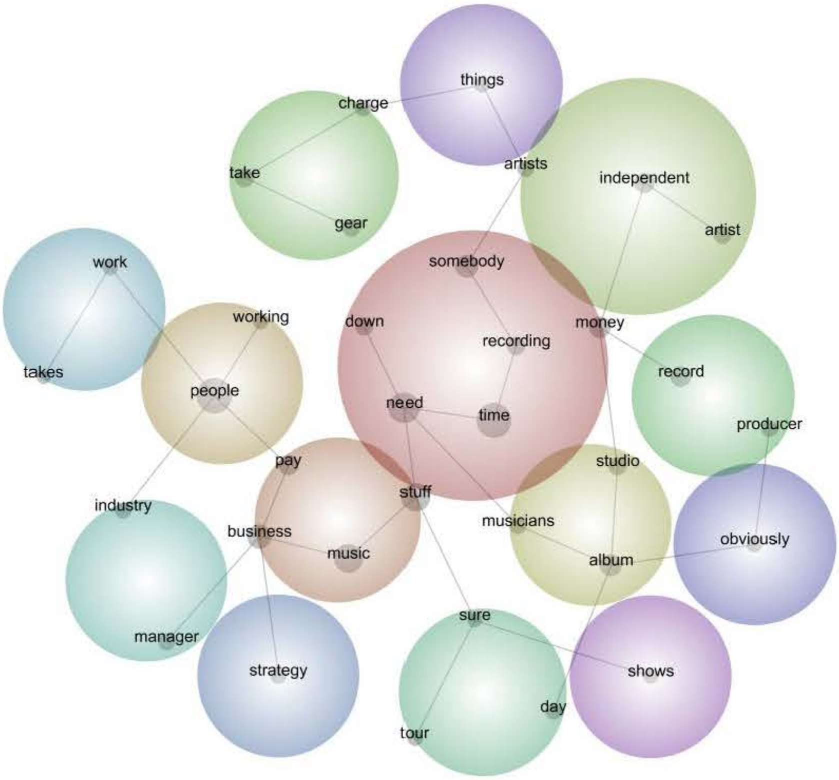

Figure 5.16: Key Partners Leximancer topical network map

connections."

There is a willingness hire people to assist where it is needed and affordable: "The business manager, we pay him a retainer, a salary."

5.8.3 Album

Connectivity to Key Partners: Fifty-eight percent.

Connected concepts: Album, record, studio, musicians, obviously, day, producer, sure.

Insights: It is during the recording and production process of an album where **Key Partners** are crucial for independent artists. They do not have the infrastructure of a record label at their disposal.

This is when they have the creative freedom to work with whomever they choose and can afford: "He decided, okay, I have this money and I want to record this album. Hire the top session musicians, hire the SAMA winning producer, and he obviously paid the producers rate."

Important **Key Partners** during the album recording process include everyone involved whilst in studio. Specific mention is made of producers and session musicians: "A good producer is so valuable."

5.8.4 Independent

Connectivity to Key Partners: Twenty-nine percent

Connected concepts: Independent, artist, artists, things.

Insights: Being an independent musician refers directly to not being in a partnership with a record label. There is a negative perception associated with being in partnership with a label. This perception includes fearing a lack of creative freedom and the loss of copyright ownership. Some of the interviewees were previously signed to a record label. They did not experience that as a primarily positive partnership: "It's not necessarily the best model for an independent artist to actually be heard. The model has changed." Being independent signifies more freedom to work with others in non-exclusive partnerships.

5.8.5 Take / Manager / Tour / Work

Connectivity to Key Partners: Less than twenty-five percent.

Connected concepts: For **take**: take, gear, charge. For **manager**: manager, industry, strategy. For **tour**: tour, shows. For **work**: work, takes.

Insights: The themes with less than twenty-five percent connectivity still provide insight as to who the interviewees see as **Key Partners** in the music industry. They can manually be grouped as partners in business, partners in promotion and partners in creativity.

1. **Partners in business**: "We have a business manager who along with me kind of works out the strategy for the year." / "When we are going to tour, when we are going to release stuff, when we are going to record. He then goes and makes sure that those shows get booked."

2. **Partners in promotion**: "So they get marketing anyway, they are just now associated with a tour. We've done SONY MOBILE and XBOX."

3. **Partners in creativity**: "...who is also my drummer. He has done amazing work and he also understands my view and vision and where I want to go. He also takes it a little bit further with the knowledge he has."

5.9 Cost Structure

The wordcloud did not provide a sufficient visual emphasis on relevant themes related to **Cost Structure**. From the interviews it was evident that living expenses, internet access costs, equipment maintenance, rehearsal space rental, album production costs and marketing costs are all seen as critical for independent musicians to include in their **Cost Structure**.

Figure 5.17: Wordcloud - Cost Structure

The LEXIMANCER analysis identifies the following as important **Cost Structure** themes derived from the interview data: money, band, people, marketing, play, album, win, day, look.

A more in-depth analysis of the themes, explored in conjunction with holistic insights from the interviews, reveals themes for how the interviewees collectively understand their **Cost Structure** from an expenses perspective.

5.9.1 Money

Connectivity to Cost Structure: 100 percent.

Connected concepts: money, music, artist, sound, need, cost, artists, food.

Insights: The interviewees discussed **Cost Structure** from a living expenses perspective. Hence the significance of money and cash-flow: "I mean I have to make money to live here and pay electricity." / "You have to make money to pay your rent, buy food, everything."

The manufacturing costs associated with making an album is a significant **Cost Structure** theme: "With this I'm not saying that to be in the music industry you need R500 000 or R700 000 for an album. I've been in the industry for ten years where I didn't have that kind of money."

5.9.2 Band

Connectivity to Cost Structure: Fifty-three percent.

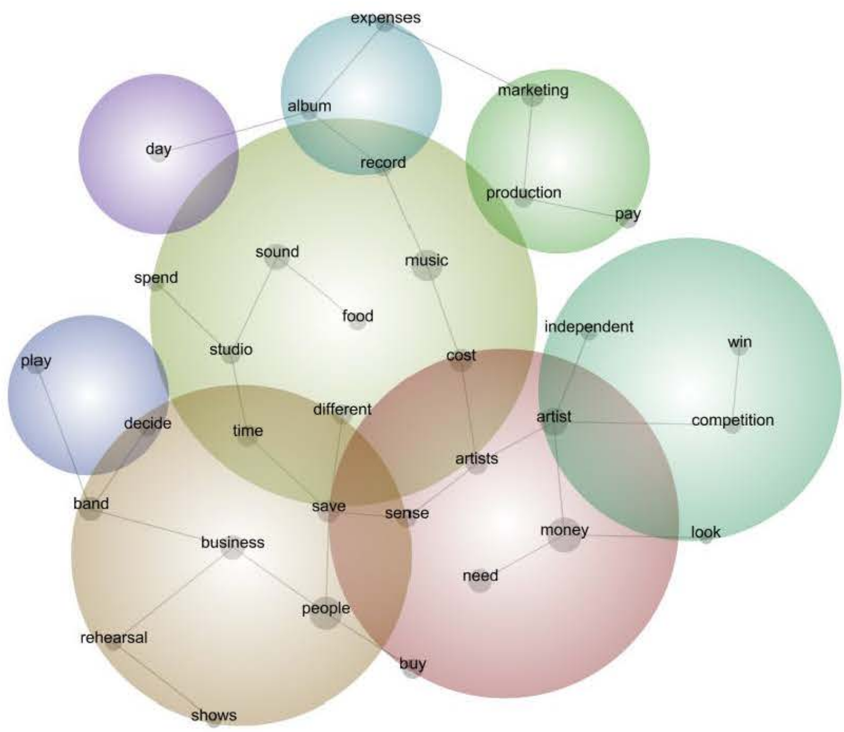

Figure 5.18: Cost Structure Leximancer topical network map

Connected concepts: band, time, buy, different, studio, spend, decide.

Insights: The connection between **Cost Structure** and being a band relates to a sense of shared responsibility: "We all sat and pooled together, and then we decided to promote it on *Facebook*, and that went very well."

There are costs related to acquiring the equipment needed for the band to perform at their best: "Buy the outboard compressor that actually controls their vocals the way it sounds in the studio. If you want to create an authentic experience you have to think of those things, because this is the impression that lasts."

5.9.3 People

Connectivity to Cost Structure: Forty-six percent.

Connected concepts: people, business, save, sense.

Insights: The **Cost Structure** discussed by the interviewees related to the lifestyle of a musician: "Above and beyond living your life, the first thing I find cost-wise with a lot of artist is they are very emotional in their spending. They justify pleasures in a different way to a lot of people."

The personal self-discipline of saving is related to the ability to carry the cost of good quality equipment: "A lot of people have to actually save to buy the expensive guitar, or the R40 000 NEUMANN live vocal condenser microphone."

5.9.4 Marketing

Connectivity to Cost Structure: Thirty-seven percent.

Connected concepts: marketing, pay, production, expenses, independent.

Insights: Themes relating to marketing expenses included as part of the **Cost Structure** discussion with interviewees can manually be grouped according to manufacturing costs, promotional costs and performing costs: "Marketing and gear and transport are probably my biggest expenses." / "Obviously if you are an independent you also fork out a lot of money for marketing." / "I have to pay my girlfriend to do my marketing."

1. **Manufacturing costs**: "Session musicians, marketing, recording, production costs."

2. **Promotional costs**: "Cell phones, website, posters, postage, stationary."

3. **Performing costs**: "Card-machines, petrol, instruments, clothing, decor, venue hiring, sound hiring, toll-gate money, tools for decor building, lighting." / "And then certainly each show will have some production costs."

5.9.5 Play / Album / Win / Day / Look

Connectivity to Cost Structure: Less than fifteen percent.

Connected concepts: For **play**: play, rehearsal, shows. For **album**: album, record. For **win**: win, competition. **Day** has no other connected concepts.

Insights: The themes with less than fifteen percent connectivity still provide insight as to what the interviewees see as part of the **Cost Structure** of their music careers.

A noteworthy expense is equipment maintenance: "Repairs is a big expense." / "Your instrument to play at rehearsal and shows and keeping that instrument playing. Strings for guitars, sticks and skins for drums, reeds for sax and so on and so forth."

5.10 Conclusion

It is evident from the wordcloud overviews that the word "people" features in all the interview responses. The music business is a people business. It's all about networks and relationships within the industry, and between musicians and their audiences. Particularly for independent musicians, building strong networks and finding a way to develop and maintain relationships with a loyal fan-base is fundamental to the success of their careers. These relationships are mostly built through creating unique experiences at live shows, and by providing platforms to connect further through social media. Live shows are also seen as the main revenue streams. CD sales at shows, as memorabilia or marketing material, is seen as important supplementary income streams.

Chapter 6

Conclusions and Recommendations

This study aimed to develop themes from a South African perspective to provide recommendations for the development of an industry specific BUSINESS MODEL CANVAS framework. The focus was the independent music industry in South Africa.

How should independent musicians in South Africa go about at least attempting to run a financially sustainable small business? This is based on the assumption that being financially sustainable as a small business would enable them to be full-time independent musicians.

Another question was posed: Are there business model insights to glean from those who are currently commercially active independent musicians in South Africa?

These questions have been addressed through exploring the contextualised BUSINESS MODEL CANVAS insights from the perspective of independent South African musicians:

1. From a literature review in Chapter Three
2. From interviews with independent musicians in South Africa in Chapter Four
3. From discussion of combined LEXIMANCER topical network maps and wordclouds that emerged from the interview data for the nine BUSINESS MODEL CANVAS dimensions in Chapter Five.

This chapter concludes with recommendations based on insights of the previous chapters.

6.1 Business Model Canvas themes from literature and primary data

From the literature it was evident that there are various theoretical perspectives that inform the development of a BUSINESS MODEL CANVAS framework for independent South African musicians.

Customer Segments can be identified by using a combination of the LSM approach and other segmentation bases. The *Happy Few scenario* provides insight for developing **Value Propositions** for independent musicians. A virtual supply chain approach helps independent musicians understand their **Channels** strategy. Consumer spending on *live performances* has the biggest growth trend projection. Building **Customer Relationships** at shows and through social media are important public relations and personal selling tactics. Various possible **Revenue Streams** can be explored by independent musicians. *Live performance* is highlighted as the most significant after exploring industry growth projections. **Key Activities** for independent musicians include both creative and non-creative tasks. The concept of industry networking is important in identifying the **Key Partners** of independent musicians. Album production and album marketing costs need to be included in the **Cost Structure** of independent musicians.

These insights gained from the literature review provided a theoretical context for the development of the themes developed during the primary data collection.

A diagram containing key themes to consider when developing a BUSINESS MODEL CANVAS for the independent music industry in South Africa was developed. This diagram highlights combined themes from the literature and the primary data analysis. It is presented in the style used on the BUSINESS MODEL CANVAS website.

6.1.1 Customer Segments

A key theme to consider is that the **Customer Segments** of independent musicians are seldom developed through an intentional marketing effort. The music seems to develop *organic audiences* as people discover and relate to the music and to the musician. Efforts to develop commercially defined **Customer Segments** need to respect the authenticity of the creative connection between musician and audience. Age, race and language are *demographic* themes that emerge in the discussion of **Customer Segments**. It is however generally more a retrospective identification than the intentional result of an implemented target market strategy.

Figure 6.1: Business Model Canvas themes

6.1.2 Value Proposition

There are three consolidated key themes to consider when developing the **Value Propositions** dimension. *Authentic quality* of the sound, *honesty* and *musicality* form the foundations for developing a **Value Proposition** as an independent musician. According to the musicians it boils down to what the music sounds like, how "honest" the music is, and how well the musician can perform it. A recommendation for further study is to explore what the consumers consider to be the key themes that inform **Value Proposition**.

6.1.3 Channels

Themes to explore when identifying **Channels** are directly connected to the themes relating to identified **Revenue Streams** and **Cost Structure**. The *live performances* theme is given prominence in all three dimensions. Musicians primarily get there music distributed as an experiential "product" by doing shows and gigs. *CD sales at shows* is a theme to include when developing a distribution channel strategy. Other themes that can be further explored in a practical manner are *digital sales* and *streaming*. The debatable future relevance of *physical stores* to distribute music as a physical product in the form of an album or a vinyl needs to be considered too. The theme of developing a *social media* strategy to drive online MP3 sales and ticket sales for shows is also noteworthy.

6.1.4 Customer Relationships

Three consolidated IMC[1]-related themes provide a context to understand how **Customer Relationships** are built by independent musicians. *Interaction with fans at shows*[2] is the first key consideration. *Intentional social media engagement and response*[3] is another key theme. *Direct marketing* is the third highlighted IMC-related theme connected to the developing of **Customer Relationships**.[4]

6.1.5 Revenue Streams

As mentioned under the **Channels** discussion above, *ticket sales* relating to live performances is the key theme relating to identifying **Revenue Streams**. Related this this theme is *CDs sold at live performances*. Royalties payable was noted, but not seen as substantial towards developing a sustainable income from independent music.[5]

6.1.6 Key Resources

The **Key Resources** needed to be an independent musician was themed according to *equipment* resources and *non-material* resources. The themes relate to the resources needed to produce an album, to do a live show, and to sustain personal creativity.

[1] Integrated Marketing Communication.

[2] This can be viewed as *personal selling* from an IMC perspective.

[3] This can be viewed as *public relations* from an IMC perspective.

[4] Very little mention was made during the interviews of using other IMC-related tools like *sales promotions* and traditional above-the-line *advertising* to build customer relationships.

[5] Digital MP3 sales and physical CD sales through retail stores were not seen as primary sustainable revenue streams by the interviewees.

6.1.7 Key Activities

Three consolidated themes inform the **Key Activities** related to being an independent musician. These themes are *business-*, *creative-* and *personal-*related. These themes encapsulate and expand on the activities of independent musicians discussed by Hracs (2012:457), as noted in Chapter Three of this study.

6.1.8 Key Partners

A key theme in developing an understanding of the **Key Partners** of independent musicians is that *seasonal partnerships* are formed. These partnerships form for specified periods of time to obtain outcomes like producing an album.[6] *Industry connections* is another key theme that relates to identifying the participants in the independent industry value chain. Three *levels of partnerships* are identified, namely partners in business[7], partners in promotion[8] and partners in creativity[9].

6.1.9 Cost Structure

Three themes are key when developing the **Cost Structure** dimension. The theme of *cash flow* relating to personal living expenses is highlighted.[10] Themes relating to *marketing* costs are included. An important theme for **Cost Structure** development relates to the costs associated with *album production.*[11]

The themes highlighted within each of the nine dimensions can be further expanded and applied practically for different independent musicians.

6.2 Implications for independent musicians

The proliferation of user-friendly online tools for producing and selling music is an opportunity for commercial independent musicians to manage their own creative careers from a business perspective. This implies that that being an independent musician also implies being an creative entrepreneur.

[6] The fact that these seasonal partnerships are not long-term or contractually binding is part of the articulated appeal of remaining independent from a record label.

[7] managers, sponsors, venue owners, festival organisers etc.

[8] booking agents, advertising agencies, social media managers, radio stations and other media channels etc.

[9] producers, studio owners, session musicians, sound engineers etc.

[10] The musicians are dependent on their music career as a main source of personal income. Hence expenses like rent and internet are included when discussing the costs associated with being an independent musician.

[11] This is particularly relevant to independent musicians who do not have the financial backing of a record label to produce and market their albums and shows.

Hence, musicians need to develop business and marketing skills. Networking and collaborating with other artists needs to be prioritised. Musicians must get to know festival- and venue organizers. They do not need to see getting signed to a label as the ultimate break in their careers. They can put infrastructure in place to manage the business and marketing dimensions of their careers.

6.3 Implications for record labels

Many musicians are preferring to rather stay independent and only require a selection of services that they prefer to pay a project fee for. Record labels will have to rethink their value propositions in order to remain relevant in an industry that is changing rapidly and empowers the musician. Opportunities for smaller business administration- and marketing service providers are opening up to serve the industry more effectively.

6.4 Implications for tertiary music training institutions

It would be an oversight of tertiary music training institutions to not offer basic business and marketing courses for people who aspire to a commercially viable career in music. Curricula need to be developed to include entrepreneurship training. Students who plan on being full-time independent musicians after graduating with a music degree should be taught the skills to put a professional brand identity and marketing strategy in place during the course of their studies.

6.5 Implications for the the music industry value chain

Live performance opportunities are the bread-and-butter for independent musicians in South Africa. Restaurants that also include live music venues can create a value-add for the industry. The corporate sponsorship of music and other arts festivals can be viewed as a priority job creation investment.

6.6 Conclusion

This study aimed to explore the experiences of musicians who are commercially involved in the independent music industry in South Africa. These musicians were asked during interviews to reflect on their own BUSINESS MODEL CANVAS framework. Their answers were presented as case studies in Chapter Four and combined topical network maps in Chapter Five. The emerging themes were used to guide recommendations for the development of a contextual BUSINESS MODEL CANVAS framework in Chapter Six.

This study explored how independent musicians in South Africa currently view their music careers from a business perspective in the midst of this industry revolution. The theme of *live performance* was highlighted as the most important revenue stream for independent musicians. The *quality and uniqueness of music as a product* and the *musical diversity of the musician* were highlighted as important themes to determine value propositions drivers. These two insights seemed to influence how independent artists currently think about the compilation of the rest of the BUSINESS MODEL CANVAS. These insights can be used by independents artists to consider current industry trends when they develop their business models. The insights can also be of value for the development of a holistic approach to music education that prepares independent musicians to also be entrepreneurs. The insights can be of value for future studies to rethink the entire South African music industry value chain. These insights can potentially be used to inform the development of innovative business models to develop the independent music industry in South Africa.

This study aimed to contribute to the development of a theoretical context for the development of a national infrastructure that can assist independent musicians to be self-employed and financially sustainable. In turn, contributing to a body of knowledge in the music industry that could help support job-creation in South Africa.

6.7 Post-script

Link to personal blog: https://cilnette8.wordpress.com/2015/06/27/collecting-data-an-initial-nerdgirl-progress-report/

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